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Torrillo & Associates

Benefit Plan Audit Specialists

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Lifetime Income Illustrations Issued by DOL



On August 18, 2020, the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) announced an [interim final rule](#) that will [help workers determine their ability to retire by allowing them to estimate how their current savings in a 401\(k\)-type plan might translate into lifetime monthly payments](#).

The rule implements section 203 of the [Setting Every Community Up for Retirement Enhancement \(SECURE\) Act of 2019](#).

The SECURE Act amended the pension benefit statement requirements under section 105 of the Employee Retirement Income Security Act of 1974 (ERISA) to require a participant's accrued benefits to be included on his or her pension benefit statement as a current account balance, and as an estimated lifetime stream of payments. Using assumptions set forth in the rule, plan administrators will show participants equivalents of their retirement savings as monthly income under two potential scenarios – first, as a single [life income stream](#), and second, as an income stream that factors in a survivor benefit.

"Our goal is to help workers and retirees understand how savings translate to retirement income," said Acting Assistant Secretary of Labor for the Employee Benefits Security Administration ("EBSA") Jeanne Klinefelter Wilson. "Defined contribution plan savings are meant to stretch across the years of retirement. When workers are reminded of what their balances could mean in terms of an estimated monthly dollar amount, they can use this information to plan both savings and spending."

Under the interim final rule, retirement plans would provide lifetime income illustrations using prescribed assumptions designed to give savers a realistic illustration of how much monthly retirement income they could expect to purchase with their account balance. Retirement plans also will provide explanations about what the lifetime income illustrations mean and the assumptions used to calculate the illustrations. To help ease the administrative burdens on plan administrators, the interim final rule includes model language that may be used for these explanations. According to the EBSA, Plan fiduciaries that use the regulatory assumptions and the model language prescribed by the rule will qualify for liability relief and will not be held liable in the event participants are unable to purchase equivalent monthly payments.



The interim final rule will be effective 12 months after the date of its publication in the Federal Register. The interim final rule includes a 60-day comment period. The Department of Labor has issued a Fact Sheet on Pension Benefit Statements – Lifetime Income Illustrations available at <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/fact-sheets/pension-benefit-statements-lifetime-income-illustrations>



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Who We Are

Torrillo & Associates, LLC specializes in employee benefit plan audits including 401k audits, 403b audits, pension plan audits, and other retirement plan audits. We are licensed in 10 states including Pennsylvania, New Jersey, Delaware, New York and Florida. We are also able to practice in additional states that have passed firm mobility.

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