

Publications

Complying with New Pension Disclosure Issues

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Implementing Complex New Pension Disclosure Rules: Parts 1 and 2, William M. Evans, Pension & Benefits Week, March 15 and 22, 2004, 2004 the Thomson Legal & Regulatory Group

At the end of 2003, the IRS published final regulations that impose significant new disclosure obligations on sponsors of defined benefit and money purchase pension plans (and, potentially, other defined contribution plans with annuity options), when providing distribution election materials to plan participants. In a nutshell, they require that plan sponsors convert each form of benefit available under a plan to a single distribution form and compare and disclose the relative values of those forms. This disclosure to participants is generally required during the 30-to-90-day period before benefit distributions commence. The regulations give sponsors several choices about how to calculate and describe these relative values. For many plan sponsors, these decisions will be difficult. We suspect that many plan sponsors will even want to consider changing their plans' actuarial assumptions for calculating optional forms, in order to ease calculation and disclosure obligations. We also suspect that many plan sponsors will be looking to their service providers for guidance on how to comply with the new rules.

These new regulations apply to distributions beginning October 1 of this year. This means that disclosure documents and forms will need to be revised and ready for distribution as early as July 1, 2004. Sponsors, service providers, and practitioners are lobbying the IRS to extend the deadline for these rules, but, so far, the IRS has not granted an extension. Unless the deadline is extended, sponsors will need to move quickly in order to meet the IRS's deadline.

Click the links in the Related Files & Resources section for a pair of Pension and Benefits Week articles authored by Bill Evans, a Groom Law Group principal. The articles describe these new rules in detail, and include a bare-bones sample of a new disclosure form.

Update: On June 30, 2004, the IRS issued Announcement 2004-58. The Announcement generally extended the deadline for providing updated QJSA notices. For the most part, new notices need to be provided for distributions with annuity starting dates after January 2006. We discuss the extension, including an important

caveat for lump sums and related distribution forms, in the "What's Hot" article titled "Agencies Extend Deadline for New QJSA

Disclosure Rules (Generally).” We have also added as a “Related Files & Resources” link above, a sample defined benefit plan QJSA notice designed to implement a hypothetical-participant disclosure approach.

[Implementing Complex New Pension Disclosure Rules: Part 1Download](#)

[Implementing Complex New Pension Disclosure Rules: Part 2Download](#)

[Sample Hypothetical-Participant QJSA Notice for DB PlanDownload](#)