

Publications

DOL Issues SECURE 2.0 Annual Funding Notice Guidance, Including Updated Model Notices

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On April 3, 2025, the Department of Labor (“DOL”) issued Field Assistance Bulletin 2025-02 (the “Bulletin”), which provides guidance related to certain modifications made by the SECURE 2.0 Act of 2022 (“SECURE 2.0”) to the annual funding notice (“AFN”) requirements applicable to defined benefit plans under Section 101(f) of ERISA. The appendices to the Bulletin also provide updated model notices for [single-employer](#) and [multiemployer](#) defined benefit pension plans.

Defined benefit plans generally must furnish AFNs to participants within 120 days after the close of the “notice year.” With an April 30, 2025 due date for calendar year plans,¹ many defined benefit plans have already prepared their AFNs for the 2024 notice year (“2024 AFNs”). The DOL acknowledges this, but expects plan administrators to consider the guidance in the Bulletin to determine whether their 2024 AFNs are consistent with a reasonable, good faith interpretation of those modifications.

Here are a handful of key items from the Bulletin to keep in mind:

- **Percentage of Plan Liabilities Funded.** SECURE 2.0 requires the AFN to disclose a plan’s funding level using a new metric – “percentage of plan liabilities funded” versus the previous “funding target attainment percentage.” The Bulletin allows the AFN to disclose the new metric using a reasonable estimate of the year-end plan liabilities (*e.g.*, 2024 year-end liabilities for the 2024 AFN). Estimates are not permitted for the preceding two years, and the fair market value of the plan’s assets on the last day of those preceding two years should match the values reported on the plan’s Form 5500 filings for those years.
- **Estimated Demographic Information.** SECURE 2.0 requires the AFN to disclose participant and beneficiary counts as of the last day of the notice year and the preceding two years. The Bulletin permits the AFN to disclose a reasonable, good faith estimate of the number of participants and beneficiaries for the notice year if the AFN also discloses that those counts are estimates.² Estimates are not permitted for the preceding two years.
- **Average Return on Assets.** SECURE 2.0 requires the AFN to disclose the plan’s “average return on assets” for the notice year. The Bulletin provides two methods that

can be used to determine the plan's average return on assets (including the return on assets used to adjust a plan's prefunding and carryover balances year by year), but recognizes that other methods may fulfill this requirement.

- **Events with Material Effect on Plan Funding.** Notably, the standard for determining whether an event with a "material effect" on funding must be disclosed in the AFN hasn't changed. This standard generally requires the AFN to describe certain events which will take effect in the current year (*e.g.*, 2025 for the 2024 AFN), such as plan amendments and scheduled benefit increases, if they are expected to have a material effect on the plan's funding. If the effect of the event is already reflected in the notice year's year-end liabilities (*e.g.*, 2024 year-end liabilities for the 2024 AFN), a projection of plan liabilities is no longer required.

It's clear from the Bulletin that prior model notices no longer fulfill the requirements under Section 101(f) of ERISA, so plan sponsors cannot avoid updating their 2024 AFNs for the modifications made by SECURE 2.0. Plan sponsors who have addressed those modifications in their AFNs should review the guidance in the Bulletin with their legal counsel and actuaries to confirm that their previously prepared 2024 AFNs reflect a reasonable, good faith interpretation of the modified disclosure requirements.