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Pension Plans Come Under Fire for Outdated Mortality Tables

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PUBLISHED
03/04/2019

SOURCE
TAXES – The Tax Magazine

SERVICES
Employers & Sponsors
Retirement Programs

Many defined benefit plans have a long history of complex plan formulas and long-standing actuarial assumptions used to determine early retirement benefits and actuarial equivalence of various forms of periodic plan distributions. And with the only requirement that those actuarial assumptions be "reasonable,"—compounded with the fact that prior actuarial assumptions are protected under ERISA's anticutback rule—there has been a tendency for some plan sponsors to not update interest and mortality tables used for determining early retirement factors and annuity payments under the plan. That approach has many plan sponsors eagerly awaiting the outcome of four class action cases that were filed recently, claiming plan participants are due additional plan benefits under ERISA as a result of the use of outdated mortality tables (and other "unreasonable" actuarial assumptions) set forth in the plan.

In the article linked below is a brief summary of the law, the cases filed, and what plan sponsors should consider doing in light of these cases.

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