BCG Retirement News Roundup

March 2013, Volume 2, Issue 3

Boomershine Consulting Group, 3300 North Ridge Road, Suite 300, Ellicott City, Maryland 21043

www.boomershineconsulting.com 410-418-5525

Boomershine Consulting Group (BCG) has launched this monthly news roundup of highlighted significant articles from the retirement industry – for clients and friends. Retirement plan news has become increasingly pertinent for many audiences these days, including:

- Retirement Plan Sponsors – addressing both private and public sector issues
- Employers – dealing with complicated decision making for their plans
- Employees – educating the Boomer generation that is nearing retirement
- Industry Practitioners - helping to understand and resolve today's significant challenges

We review numerous industry news services daily and will include a collection of timely and significant articles each month concerning compliance, actuarial plan costs (including assumption debates), plan design change issues and benefit trends, as well as other related topics.

Inside This Issue

Public Sector/Government Plans

Private Sector

Public Sector/Government Plans

State and Local Governments Focus on Pension Funding Policy

The National Governors Association issued the following news release:

The "Big 7" state and local government associations and the Government Finance Officers Association (GFOA) today released Pension Funding: A Guide for Elected Officials (www.nga.org/files/live/sites/NGA/files/pdf/2013/1303PensionFundingGuideBrief.pdf) to provide key facts about public pension plans and a brief overview of which issues state and local officials should address. The guide explores why developing a pension funding policy is essential and offers guidelines to follow when developing that policy.

Last year, the Governmental Accounting Standards Board (GASB) issued new standards that focused on how state and local governments should account for pension benefit costs but did not address how employers should calculate the annual required contribution (ARC) necessary to fund those pensions. To assist state and local government employers, the Big 7 and GFOA established a Pension Funding Task Force (Task Force) to develop policy objectives (www.nga.org/files/live/sites/NGA/files/pdf/1209PensionGuidelines.pdf) and guidelines. The policy objectives were released last October.

"These new GASB accounting standards will change the way public pensions and their sponsoring governments report their pension liabilities. In fact, the new GASB standards end the relationship between pension accounting and the funding of the ARC, which is how many governments budget their pension plans each year," said Robert J O'Neill, International City/County Management Association executive director and the current chair of the Big 7. "Because some ratings agencies could use another set of criteria to assess creditworthiness that could dramatically affect the issuance of municipal bonds, it is critical for both the financial community and the public to have an objective set of guidelines on which to present their financial reports. Thus, the most important step here is for state and local governments to base their policy on actuarially determined contributions that use these guidelines."

The Task Force recommends that pension funding policies be based on the following five general policy objectives:

* Have a pension funding policy that is based on actuarially determined contributions;

* Build funding discipline into the policy to ensure promised benefits can be paid;

* Maintain intergenerational equity so the cost of employee benefits is paid by the generation of taxpayers who receives services;

* Make employer costs a consistent percentage of payroll; and

* Require clear reporting to show how and when pension plans will be fully funded.

The Big 7 is a coalition of seven national associations in Washington, D.C., whose members represent state and local governments. Members of the Big 7 include the National Governors Association, the National Conference of State Legislatures, The Council of State Governments, the National Association of Counties, the National League of Cities, The U.S. Conference of Mayors and the International City/County Management Association.

In addition, the National Association of State Auditors, Comptrollers and Treasurers; the National Association of State Retirement Administrators; and the National Council on Teacher Retirement serve on the Task Force. The Center for State and Local Government Excellence is the convening organization.

Copyright 2013 Targeted News Service LLC
All Rights Reserved
Targeted News Service
March 27, 2013 Wednesday 2:01 AM EST

House passes pension bill Legislation would limit cost-of-living increases

SPRINGFIELD - In what has become a game of legislative badminton, the Illinois House approved one piece of the growing pension reform puzzle Thursday.

The move would limit annual cost-of-living increases for state retirees, potentially saving $100 billion over the next 30 years.

The 66-50 vote came a day after the Senate approved a separate initiative designed to begin chipping away at the state’s $96 billion unfunded pension liability.

For now, it remains unclear whether members of either chamber will be able to agree on a more comprehensive package of pension changes. The volleying is expected to continue when the Senate returns from a two-week spring break April 10.

Thursday’s proposal would limit cost-of-living raises to the first $25,000 of a pension.

The plan also would require current and future public employees to wait until age 67 or five years after retirement to begin collecting benefits.

The legislation would affect state university retirees, teachers, members of the General Assembly and members of the State Employees Retirement System. Judges were not included in the changes.

Although the measure could be ruled unconstitutional, supporters say it will help the state address the pension funding problem, which is squeezing out spending on other state government programs.

And it could bring some stability to public-sector employees whose retirement benefits have been in the crosshairs for three years of legislative wrangling.

"They would like some certainty in their lives," said House Minority Leader Tom Cross, R-Oswego.

Most downstate lawmakers - both Republicans and Democrats - voted against the changes.

"If this is such a good piece of legislation it should include all five of our major pension systems and it doesn’t do that," said state Rep. Dan Brady, R-Bloomington.

State Rep. Mike Smiddy, D-Hillsdale, said the state made a promise to retirees and should keep it.

"These individuals did what they were asked to do and followed all the rules. It was because of us not funding the pensions over the last four decades fully that’s why we’re in this mess," Smiddy said.

The House previously approved legislation that would cap the salary that pension benefits are based on at the limit set for Social Security, currently $113,000 a year. Members also approved a plan to phase in an older retirement age.

House Speaker Michael Madigan, D-Chicago, suggested that all three could be combined into a final bill that could be sent over the Senate for further debate.

The Illinois Retired Teachers Association blasted those who voted for Thursday’s plan, saying retirees won’t forget the 66 "yes" votes.

"Retired teachers have faith in the wisdom of our court system that unconstitutional legislation will be rejected for what it is: a violation of the rule of law in Illinois," noted a statement by the organization.

Copyright 2013 The Pantagraph
The Pantagraph (Bloomington, Illinois)
March 22, 2013 Friday

Oregon Democrats unveil pension-cut proposal

SALEM, Ore. — Oregon Democrats on Monday unveiled the details of their proposed cuts in pensions for retired government workers, leaning hardest on workers with larger retirement checks.

Public employee unions denounced the plan as illegal and irresponsible, and Republicans said it fell far short of what's needed to fix a pension system that's consuming an increasing share of tax dollars.

Democrats, who have majorities in the state House and Senate, said the plan would save state and local governments about $455 million over the next two years. That's less than competing proposals by the Oregon School Boards Association, legislative Republicans and Democratic Gov. John Kitzhaber.

Democrats said their plan is more likely to stand up in court and is more equitable to low- and middle-income retirees. They plan to hear public testimony on their bill Wednesday afternoon.

Democrats say the cuts to the Public Employees Retirement System are needed to fund schools at their desired level, $6.75 billion.

"We're trying to both stabilize the PERS system and make sure we're taking care of our obligations to the next generation," said Rep. Peter Buckley, D-Ashland, the House's chief budget writer.

The measure sticks closely to a framework Democrats outlined earlier this month. In addition to the $455 million that their proposal would save, Democrats want to push back $350 million in government pension contributions into future years.

Public-employee unions responded fiercely, saying the proposal is an unconstitutional breach of a contract between the state and its workers. They say the pension system's unfunded liability is the result of investment losses during the Great Recession, and they want the state to go after bankers they blame for the losses.

Pension checks for retired government workers currently rise at a rate of 2 percent per year.

The Democratic proposal would create a new graduated scale. The first $20,000 would continue growing at 2 percent a year. The next $20,000 would grow at 1.5 percent a year, and the next $20,000 at 1 percent. Incomes above $60,000 would rise by 0.25 percent a year.

Their proposal also would also eliminate a tax break for retirees living out of state that's intended to make up for state income taxes.

On top of cutting pensions, Democrats are also pushing to raise more revenue from wealthy taxpayers by limiting tax credits and deductions, but they haven't spelled out their plan yet.

By Jonathan J. Cooper, Associated Press
Monday, March 25, 2013

House passes pension bill

New state and county employees and teachers will be shut out of Florida’s traditional pension plan under a bill passed by the Florida House on Friday.

The bill (HB 7011), passed by a 74-42 vote, does away with guaranteed pensions for workers hired as of Jan. 1, 2014.

The measure — a priority of Speaker Will Weatherford — replaces pensions with individual investment accounts similar to 401(k) plans, but it does grandfather current employees in the existing pension plan.

The bill must be approved by the Senate and signed by Gov. Rick Scott before becoming law. Compromise may be arduous — the Senate’s plan keeps traditional pensions but makes investment accounts the default option for new hires.

A Scott spokeswoman said the governor is watching both bills.

Rep. J.W. Grant, a Tampa Republican, summed up his party’s feelings about the state pension fund — which is about 87 percent funded — by making a veiled comparison to the Titanic.

“At one point, the front page of the New York Times advertised the greatest ship in the world,” Grant said. “It was more than 87 percent afloat when it ended its voyage.”

Florida and other states are following the lead of many American companies. They’ve generally moved from pensions to 401(k)-style plans over the last few decades because they cost employers less money and shift retirement investment risk from employers to employees.

Moreover, pension plans offer reliable income; states generally have to guarantee them with general revenue funds. But a retiree invested in a 401(k)-style plan is at the mercy of the market. Those now in the Florida Retirement System can select a traditional pension or a 401(k)-style plan.

House members themselves prefer old-fashioned pensions, records show. Seventy-three members are currently in the traditional pension plan, 37 are in the state's 401(k)-style plan and 10 are not enrolled.

Republicans and business groups have supported the bill, while Democrats and labor unions have opposed it.

"This bill is going to pass today, and that's sad," said Rep. Larry Lee, a Port St. Lucie Democrat and insurance agent.

"The reason I left teaching is because of the pay. But one thing Florida has to encourage teachers is a great — could be a great — benefits package," including pensions.

Rep. Dwayne Taylor, a Daytona Beach Democrat, said he was mourning the death of the existing pension fund "because you're killing it."

By cutting off the pension plan from new members, lawmakers also are cutting off the revenue stream of employee and employer contributions that feed the fund, he said.

"They've addressed an imaginary crisis of their own making with a radical change that disrespects school employees, first responders, and other public workers who enhance the quality of life in Florida," said Alan Stonecipher, director of the Florida Retirement Security Coalition, which is aligned with public-employee labor unions.

More than 900,000 current employees and retirees belong to the state's pension plan. State workers make up about a quarter; the rest are teachers and local government workers, such as law enforcement officers and firefighters.

Florida's overall pension fund, valued at roughly $133 billion, recently had been estimated to have a $19.2 billion gap between the money it has and the money it needs to cover current and future benefits. Rep. Dana Young, a Tampa Republican, said the state recently had to kick in another $500 million to shore up the fund.

Financial experts say pension plans that are at least 80 percent funded are considered healthy because employees retire at different times.

Scott has voiced doubts about the pension fund's long-term stability. A law backed by Scott that went into effect July 2011 requires teachers, state and county workers and some municipal employees to contribute 3 percent of their pay toward their pensions.

It also repealed the 3 percent annual cost-of-living salary increases, leading workers to complain that Scott's requirement amounted to a pay cut. After a lawsuit, the Florida Supreme Court upheld the law by a 4-3 vote.

Rep. Richard Stark, a Weston Democrat, later changed his vote on the bill from yes to no, making the official tally 73-43.

By The Associated Press, Herald-Tribune / Friday, March 22, 2013

Kansas lawmakers end push for 401(k)-style public pension plan

TOPEKA — A proposal for issuing $1.5 billion in bonds to boost the long-term health of Kansas' public pension system advanced Thursday in the state Legislature, but Republican lawmakers who want to put new government employees into a 401(k)-style plan abandoned an effort to pass such a bill this year.

The GOP-controlled House Pensions and Benefits Committee approved a bill authorizing the bonds on a 7-6 vote, sending it to the entire House for debate. But on a voice vote, it tabled a separate measure to start the 401(k)-style plan for state and local government workers hired after 2014, as well as a separate, non-traditional plan for new teachers.

The measures followed two years' worth of legislation overhauling the retirement system for teachers and state and local government employees. The committee faced skepticism from retiree groups and public employee unions that lawmakers needed to consider additional changes this year.

The Kansas Public Employees Retirement System projects that previous changes – which include boosting state contributions and setting aside state casino profits to pensions – would eliminate a projected $9.3 billion gap between revenues and benefits promised to workers by 2033. But many GOP lawmakers believe such a gap will occur again if the state isn't more aggressive in moving away from traditional plans that guarantee benefits upfront, based on a worker's salary and years of service.

“They look at it and say, `Why would you ever want to put the state in that position?“' said committee Chairman Steve Johnson, an Assaria Republican.

The bill authorizing bonds is designed to give KPERS a quick infusion of cash, so that the percentage of its obligations covered by its assets, now 53 percent, would jump to 61 percent in 2015 and grow more quickly than it would under current law. Also, the state wouldn't have to boost its annual contributions to KPERS as aggressively.

Both Republicans and Democrats were split over how much financial risk the move involves and whether it does enough to improve the retirement system's financial footing.

Putting new government workers into a 401(k)-style plan would base their retirement benefits on investment earnings. In their new plan, teachers would contribute part of their salaries to tax-free annuities paying out once they retired, with multiple options for the riskiness and potential benefits from their investments.

Public employee and retiree groups believe all of the potential options will result in less secure pensions because of the potential volatility of financial markets.

Lisa Ochs, president of the Kansas chapter of the American Federation of Teachers, said legislators have studied such changes in depth and concluded previously that they come with costs while sacrificing benefits.

“We have an obligation to each other in a civilized society to make sure that we're doing what we can to make sure that our public servants have a retirement they can depend on, have a dignified retirement and that we're not creating generations of indigent elderly,” she said.

Most committee members said they needed more time to consider the bill. Lawmakers expect to wrap up most of their work for the year on April 5, and tabling the pensions measure means they won't consider it until next year.

“We just don't have the time to really spend another month, basically, to come up with the best plan,” said Rep. Jim Howell, a Derby Republican and the committee's vice chairman. “I do agree that this is the right thing to do today, but we've got to get back into it.”

Republican legislators and GOP Gov. Sam Brownback's administration worked quietly for weeks on the measure for a 401(k)-style plan. They unveiled it with a big splash this week in a hearing featuring Nobel Prize winner Robert Merton and Bill Bradley, the former Democratic presidential candidate and U.S. senator from New Jersey who also used to be a New York Knicks standout.

Both Bradley and Merton, a finance professor at the Massachusetts Institute of Technology, advise an Austin, Texas, company that manages private-sector 401(k) plans. The measure called for having private companies manage the new plans.

March 21
By JOHN HANNA
The Associated Press

Private Sector

United States: IRS Relief For 403(b) Retirement Plans

Recognizing that the requirement to have a detailed written plan document for a 403(b) retirement plan was a new and arduous task for many non-profit entities who sponsored such plans, the IRS has now published favorable guidance giving 403(b) retirement plan sponsors some much needed relief.

Background

Under new IRS regulations issued in 2007 (the "New Regulations") and subsequent IRS announcements, 403(b) retirement plans were required, no later than December 31, 2009, to have a written plan document in place that reflected the New Regulations. For many non-profits who sponsored such 403(b) retirement plans, this was a new and complex compliance requirement that required time intensive work by the non-profit and its retirement plan providers and other vendors. Some non-profits never before maintained formalized written plan documentation regarding their 403(b) retirement plans (and such documentation was generally not previously required by the IRS), while others had old documents that were not necessarily reflective of current law or current administration pertaining to the 403(b) retirement plan.

Subsequent to the December 31, 2009 written plan document requirement for 403(b) retirement plans, 403(b) plans, like many other defined contribution retirement plans (e.g., 401(k) plans), were required to be formally amended for certain legally required provisions by certain IRS-imposed deadlines. For example, for calendar year plans, amendments with respect to the Heroes Earnings and Assistance Relief Tax Act of 2008 ("HEART") were required to be adopted on or before December 31, 2010, and amendments relating to certain provisions of the Worker, Retiree and Employer Recovery Act of 2008 ("WRERA") were required to be adopted on or before December 31, 2011.1 Additional legally required amendments are likely to be required in subsequent years.

Help for 403(b) Retirement Plans

Given the new requirements for 403(b) retirement plans in the last several years-i.e., to have had a formal written legally compliant plan document in place as of December 31, 2009 and to timely adopt post-2009 legally required amendments-the IRS has announced assistance for those plans that may not have met (or will fail to meet) such legal requirements.

1. Failure to Adopt a Compliant Written 403(b) Plan Document by December 31, 2009

The IRS has opened up its voluntary correction program (the "VCP") 2 to enable non-profit organizations that sponsor 403(b) retirement plans and that did not have a written plan document in place as of December 31, 2009 (or, if later, the date on which the 403(b) retirement plan became effective) that complied with the New Regulations to "fix" their noncompliance before the IRS otherwise becomes aware of such noncompliance. The VCP involves the plan sponsor completing and submitting an application to the IRS and paying a fee, which fee is likely to be significantly less than the penalties that could apply if the IRS were to otherwise find out about such noncompliance.

The IRS has given further relief for 403(b) retirement plans to incentivize prompt compliance by providing that if a plan sponsor files under the VCP on or before December 31, 2013 for failure to adopt a written plan document that complies with the New Regulations, then the fees for such VCP are reduced by 50%. The chart below shows the fees that would apply for this type of VCP filing:

2. Failure to Timely Adopt Legally Required Amendments After 2009

As mentioned above, 403(b) retirement plans were required to adopt certain legally required amendments since January 1, 2010 and may be required to adopt additional amendments in the near future. For 403(b) plans that either have not yet adopted such amendments or adopt them after the IRS-imposed deadline, the plan document can be considered compliant for these purposes if the following criteria is met:

a. A formal written plan document was in place as of December 31, 2009 that was intended to satisfy the requirements of the New Regulations or the employer failed to timely adopt such a plan document but corrects the failure under the VCP described above;

b. The post-2009 legally required amendments, when adopted, are made retroactive to the relevant legally required effective date;

c. The plan sponsor-when the IRS formally makes such options available-either:

   i. Adopts a 403(b) retirement plan prototype document (i.e., a standardized plan document with an adoption agreement provided by a vendor) that has been pre-approved by the IRS. The availability of this option would seem to be at least another year away; or

   ii. Applies for an individual determination letter from the IRS to document that its 403(b) retirement plan is in good order. The availability of this application process is anticipated to be several years away.

   The date by which either (i) or (ii) must be done is technically referred to as the end of the plan's "remedial amendment period"; and

d. The post-2009 legally required amendments are adopted on or before the plan's remedial amendment period (described in (c) above), which, again, may be several years away.

With this relief, the IRS has made it relatively easy and accessible for plan sponsors to bring their 403(b) retirement plans into compliance and has given ample time to do so.3

3. Operational Noncompliance

While 403(b) retirement plans have been able to use IRS's correction programs for several years when failures arise from not following the plan's provisions (referred to as an "operational failure"), the new guidance gives expanded correction opportunities for 403(b) retirement plans and provides more specific methodologies for 403(b) retirement plans to correct these operational mistakes.

The IRS relief guidance is a welcomed event for 403(b) retirement plans that may be defective. 403(b) retirement plan sponsors are encouraged to consider whether corrections to their plans are advisable. If an updated formal written plan document was not in place by December 31, 2009, a plan sponsor should consider whether the 2013 reduced fee program can be used to correct this particular failure; if so, action will be needed by December 31, 2013 to take advantage of the reduced fee program.

Please contact one of the Patterson Belknap attorneys listed below if you would like more information on the IRS's relief program for 403(b) retirement plans.[note 1]

The amendments pursuant to HEART pertain to changes in retirement plan rules for military personnel and their families. The amendments pursuant to WRERA referenced above pertain, among other things, to relief from 2009 required minimum distributions and the operation of a 403(b) plan with respect thereto.[note 2]

The IRS has also made its Audit Closing Agreement Program ("Audit CAP") available to correct this type of compliance problem. Under that program, if the failure is identified during an audit, the plan sponsor can correct the failure and pay a sanction.[note 3]

If all of the criteria for the special relief are not met, then it seems that a plan sponsor may still be able to fully correct for a failure to timely adopt amendments by submitting to the IRS's VCP (assuming it is otherwise eligible for the VCP) and paying a fee for a formal statement from the IRS that the plan has been appropriately corrected.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

Copyright 2013 Mondaq Ltd.
All Rights Reserved
Mondaq Business Briefing
March 22, 2013 Friday

Retirement squeeze is on in U.S.

Saving enough for retirement is a concept that is slipping away for many U.S. workers, a national survey found.

The Employee Benefit Research Institute, in a report released on its website Tuesday, found 57 percent of respondents to a survey indicated they had $25,000 or less in total savings and investments, a figure that excludes the equity they might have in their homes.

The Wall Street Journal reported those indicating they had such a small amount saved has grown. In 2008, 49 percent indicated they had $25,000 or less squirreled away.

More than a quarter of the respondents in the current survey -- 28 percent -- indicated they had no confidence in their ability to fund a comfortable retirement. In the 23-year history of the survey, that is the highest that has been, the Journal said.

The survey, which was conducted in January, included responses from 1,003 workers and 251 retirees.

"Workers are recognizing there is a crisis," said Alicia Munnell, director of the Boston College Center for Retirement Research.

In a separate survey sponsored by financial management firm Country Financial, only one third of respondents indicated they believed a middle-income family could save for a secure retirement.

The telephone survey that included 3,000 respondents was compiled by Rasmussen Reports.

Among its findings, 59 percent of respondents aged 50 to 64 indicated they started saving for retirement before age 40, while just 38 percent currently 65-years old or older started saving by age 40.

Overall, 34 percent indicated they agreed with the idea of having the government play a larger role in retirement funding. But Baby Boomers age 50 to 65 were far less likely to agree than those age 18 to 29, known as Generation Y.

Among Baby Boomers, 31 percent indicated the government should play a bigger role, while 49 percent of Gen Y respondents indicated government should play a larger role.

On one hand, having enough to retire is a matter of having a strong economy. But on the other, the Society of Actuaries in September says life expectancy increased by a year for men and 1.5 years for women from 2000 to 2012.

Men who turn 65 in 2013 are expected to live to age 85.5. Women turning 65 this year are expected to live to 87.7, the society said.

More years in retirement means workers have to save that much more to retire comfortably and employers are helping much less than in the past.

Using Department of Labor figures, the percentage of U.S. workers in the private sector covered by defined benefit plans has dropped from 28 percent in 1979 to 3 percent in 2011, the Employee Benefit Research Institute said.

Copyright 2013 U.P.I.
All Rights Reserved
UPI
March 19, 2013 Tuesday 2:35 PM EST

For Retirement Security Europeans Top Americans

The United States ranks 19th worldwide in the retirement security of its citizens, according to a new annual index compiled by Boston, USA-based asset manager Natixis Global Asset Management.

The findings suggest that Americans will need to pick up a bigger share of their retirement costs especially as the number of retirees grows and the government's ability to support them fades.

Natixis said that its Global Retirement Index gauges how well retired citizens live in 150 nations, based on measures of health, material well-being, finances and other factors.

The study was released by the NGAM Durable Portfolio Research Center, which conducts research on risk management, asset allocation and other investment issues. NGAM is the world's 13th-largest investment management firm and oversees USD 779bn, including retirement assets for institutions and individuals.

Though the US is the world's biggest pension market, it lags behind less-affluent nations on measures of income and health, according to the index.

While the U.S. leads the world in per-capita health spending, individuals are still required to pay a portion of this expense on their own. That leaves many health costs in the hands of retirees and takes resources away from their other needs.

In contrast, Western European nations backed by robust health care and retiree social programs dominate the top of the rankings, taking the first 10 spots.

Norway is first overall, followed by Switzerland, Luxembourg, Sweden and Austria. Australia is the highest-ranked non-European country, followed by Israel and Canada. The US finished ahead of the United Kingdom, but trailed the Czech Republic and Slovakia.

Like many other nations, the US is grappling with significant demographic change, including a rapidly aging population, rising life expectancy rates and declining birth rates.

Globally, the number of people aged 65 or older is on track to triple by 2050. By that time, the ratio of the working-age population to those over 65 in the U.S. is expected to drop from 5-to-1 to 2.8-to-1.2

These trends are likely to diminish the government's ability to finance programs such as Social Security and Medicare, and will mean a heavier financial burden going forward for individuals saving for retirement.

The economic downturn has taken a major toll on retirement savings. According to a recent U.S. Senate report, the country is facing a retirement savings deficit of USD 6.6tn, or nearly USD 57,000 per household.

As a result, 53% of American workers 30 and older are on a path that will leave them unprepared for retirement, up significantly from 38% in 2011.

Compounding the issue, only half of all workers have access to employer-sponsored plans, and those who do participate often make the common mistakes of saving too little or investing too much in lower-returning products.

Copyright 2013 SocialBizWire
All Rights Reserved
SocialBizWire
March 13, 2013 Wednesday

EBSA Releases Field Assistance Bulletin on New Annual Funding Notice Requirements for Single-Employer Defined Benefit Pension Plans

The Department of Labor’s Employee Benefits Security Administration (EBSA) released Field Assistance Bulletin 2013-01 concerning new disclosure requirements mandated by the MAP-21 Act for single-employer defined benefit pension plans.

MAP-21 amended section 101(f) of ERISA to require plan administrators of single-employer defined benefit pension plans to provide participants and others additional information regarding the impact of MAP-21’s interest rate stabilization rules on the plan's funding status. An estimated 12,000 single-employer plans covering approximately 33.5 million participants and beneficiaries are subject to the new disclosure requirements. Many of these plans must furnish their first annual funding notice under the new law no later than April 30, 2013.

The FAB addresses a need for interim guidance pending the adoption of regulations or other guidance under section 101(f) of ERISA, as amended by MAP-21. The FAB gives technical questions and answers and provides a model supplement that plan administrators may use to meet their MAP-21 disclosure obligations.

© 2013 International Foundation of Employee Benefit Plans