
29 C.F.R. § 2520.105-3

Lifetime income disclosure for individual account plans.

- (a) *Content requirements.* At least annually, the administrator of an individual account plan must furnish a benefit statement pursuant to section 105(a) of the Employee Retirement Income Security Act of 1974 (Act) that is written in a manner calculated to be understood by the average plan participant and that contains the information required by this section, based on the latest information available to the plan.
- (b) *Total benefits accrued; lifetime income disclosure.* A benefit statement described in paragraph (a) of this section must include:
- (1) The beginning and ending dates of the statement period;
 - (2) The value of the account balance as of the last day of the statement period, excluding the value of any deferred income annuity described in paragraph (e)(2) of this section;
 - (3) The amount specified in paragraph (b)(2) of this section expressed as an equivalent lifetime income stream payable in equal monthly payments for the life of the participant (single life annuity), determined in accordance with paragraph (c) or (e)(1) of this section; and
 - (4) The amount specified in paragraph (b)(2) of this section expressed as an equivalent lifetime income stream payable in equal monthly payments for the joint lives of the participant and spouse (qualified joint and survivor annuity), determined in accordance with paragraph (c) or (e)(1) of this section.
- (c) *Assumptions for converting an account balance into lifetime income streams.* The account balance specified in paragraph (b)(2) of this section shall be converted to the lifetime income streams described in paragraphs (b)(3) and (4) of this section using the following assumptions:
- (1) *Commencement date and age.* (i) The first payment is made on the last day of the statement period (the commencement date); and
 - (ii) The participant is age 67 on the commencement date, unless the participant is older than age 67, in which case the participant's actual age must be used for the conversions under this section.
- (2) *Marital status.* For purposes of paragraph (b)(4) of this section (relating to qualified joint and survivor annuity illustrations):
- (i) The participant has a spouse that is the same age as the participant; and
 - (ii) The survivor annuity percentage is equal to 100% of the monthly payment that is payable during the joint lives of the participant and spouse.
- (3) *Interest rate and mortality.* (i) A rate of interest equal to the 10-year constant maturity Treasury securities yield rate for the first business day of the last month of the period to which the benefit statement relates; and

(ii) Mortality as reflected in the applicable mortality table under section 417(e)(3)(B) of the Internal Revenue Code in effect for the calendar year which contains the last day of the statement period.

(4) *Plan loans.* The account balance includes the outstanding balance of any participant loan, unless the participant is in default of repayment on such loan.

(d) *Explanation of lifetime income streams.* Except as provided in paragraph (e) of this section, a benefit statement described in paragraph (a) of this section must include:

(1)

(i) An explanation of the commencement date and age assumptions in paragraph (c)(1) of this section.

(ii) For purposes of paragraph (d)(1)(i) of this section, the plan administrator may use the following model language: “The estimated monthly payments in this statement assume that payments begin [*insert the last day of the statement period*] and that you are [*insert 67 or current age if older*] on this date. Monthly payments beginning at a younger age would be lower than shown since payments would be made over more years. Monthly payments beginning at an older age would be higher than shown since they would be made over fewer years.”

(2)

(i) An explanation of a single life annuity.

(ii) For purposes of paragraph (d)(2)(i) of this section, the plan administrator may use the following model language: “A single life annuity is an arrangement that pays you a fixed amount of money each month for the rest of your life. Following your death, no further payments would be made to your spouse or heirs.”

(3)

(i) An explanation of a qualified joint and 100% survivor annuity, the availability of other survivor percentage annuities, and the impact of choosing a lower survivor percentage.

(ii) For purposes of paragraph (d)(3)(i) of this section, the plan administrator may use the following model language: “A qualified joint and 100% survivor annuity is an arrangement that pays you and your spouse a fixed monthly payment for the rest of your joint lives. In addition, after your death, this type of annuity would continue to provide the same fixed monthly payment to your surviving spouse for their life. An annuity with a lower survivor percentage may be available, and reducing the survivor percentage (below 100%) would increase monthly payments during your lifetime, but would decrease what your surviving spouse would receive after your death.”

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