

DOL Publishes Defined Benefit Plan Annual Funding Model Notice and Related Guidance

For plan years beginning after 2007, the Pension Protection Act of 2006 (PPA) requires all defined benefit pension plans that are insured by the Pension Benefit Guaranty Corporation (PBGC) to provide annual notices, containing detailed information about the plans' funded status, to the PBGC and all participants, beneficiaries and labor organizations representing participants or beneficiaries. Similar but less comprehensive requirements previously applied only to multiemployer pension plans and certain underfunded single employer defined benefit plans. The new requirements apply to all single employer and multiemployer defined benefit plans that are insured by the PBGC.

For most plans, the annual funding notices must be distributed within 120 days after the end of the plan year. That means, for plans with calendar year plan years, the first of these new notices must be distributed by April 30, 2009. To assist plan sponsors with these new requirements, the PPA directed the Department of Labor to publish model notices not later than August 17, 2007. The DOL, not surprisingly, missed that deadline.

The much anticipated model notices were published February 10, 2009 as part of Field Assistance Bulletin 2009-01, which offers helpful guidance for completing the information and calculating the data that must be included in the annual funding notice. The FAB also explains that the annual funding notice may be furnished to recipients electronically.

Use of the model notices to meet the new requirements is optional. But plan sponsors that use the model notices will be assured that they have provided all required information. We encourage defined benefit plan sponsors to review the model notices and the FAB at their earliest convenience in anticipation of the April 30 deadline, to familiarize themselves with the content requirements for the annual funding notice and to evaluate whether the model notice offers the most suitable format for them.

If you have questions or would like additional information about the new annual funding notice requirements for defined benefit pension plans, please feel free to contact Brian Dougherty at (215) 587-5919 or bdougherty@postschell.com.

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