

DOL Clarifies Annual Funding Notice Requirements and Updates Model Notices

On April 3, 2025, the U.S. Department of Labor (the “DOL”) issued [Field Assistance Bulletin 2025-02](#) (the “Bulletin”), clarifying the annual funding notice requirements applicable to defined benefit pension plans under section 101(f) of ERISA, as amended by the SECURE 2.0 Act of 2022 (“SECURE 2.0”). The appendices to the Bulletin also provide updated model notices for both [single-employer](#) and [multiemployer](#) defined benefit pension plans, which may be relied upon starting with the 2024 notice year.

Background

Section 101(f) of ERISA generally requires administrators of defined benefit pension plans to annually notify participants, beneficiaries, the Pension Benefit Guaranty Corporation, and certain other persons of the funded status of their defined benefit pension plans. In 2022, SECURE 2.0 amended section 101(f) of ERISA, modifying the annual funding notice requirements effective for plan years beginning after December 31, 2023.

In response to apparent confusion and certain outright conflicts between the annual funding notice requirements in section 101(f) of ERISA and DOL regulations at 29 CFR 2520.101-5 that predated these recent changes, the DOL provides certain interim guidance in the Bulletin and indicates that additional guidance may be issued. The major changes, as discussed in a Q&A format in the Bulletin, relate to the methodology for measuring the value of assets, value of liabilities, and funding level, and predominantly affect single-employer defined benefit pension plans. We highlight some of the major changes and interim guidance for compliance below.

Major SECURE 2.0 Changes and Related Clarifications

Starting with the 2024 notice year:

- **“Percentage of Plan Liabilities Funded” (“FTAP”) replaces “Funding Target Attainment Percentage” to describe a plan’s funding level.** The annual funding notice of a single-employer plan will no longer describe the plan’s funding level in terms of the FTAP and actuarial value of plan assets and liabilities on the valuation date (generally the 1st day of the plan year) used to determine minimum funding. Instead, the annual funding notice must reflect the “percentage of plan liabilities funded,” which is the ratio between the fair market value of the assets on the last day of the plan year and the value of the liabilities determined as of the last day of the plan year using a market-related interest assumption.
- **Duplicative provisions concerning disclosures of the value of plan assets and liabilities (single-employer plans).** Because the information in the statement required by section 101(f)(2)(B)(ix) of ERISA, as added by SECURE 2.0, is duplicative of the information already required by section 101(f)(2)(B)(i)(I), (f)(2)(B)(ii)(I)(bb) and (f)(2)(B)(ii)(I)(aa), the Bulletin clarifies that plans are not required to disclose the information twice.

- **At-risk disclosure requirements eliminated.** Plan administrators of single-employer plans that are “at-risk” within the meaning of section 303(i) of ERISA are no longer required to separately disclose “at-risk” liabilities or otherwise take into account the special “at-risk” rules under Section 303(i) of ERISA in determining the plan’s year-end liabilities and the percentage of liabilities funded.
- **Precision of specified demographic information.** Plan administrators of large plans may use a reasonable, good faith estimate of the number of participants and beneficiaries for the notice year; provided the notice indicates that these numbers are estimates. However, with respect to the preceding two plan years, the actual number of participants and beneficiaries as of the last day of each plan year must be disclosed in the table. Small plans may not use estimates given the additional time to finalize data.¹
- **Two methods for determining the “average return on assets” provided absent statutory definition.** As ERISA does not define the “average return on assets” required by section 101(f), the DOL has provided two methods in the Bulletin that plan administrators of both single-employer and multiemployer plans may use to determine the “average return on assets” and also allows other methods.
- **No change to material effect disclosure requirements.** If plan administrators determine that section 101(f)(2)(B)(vii) of ERISA has been triggered, plan administrators must generally continue to explain as required prior to SECURE 2.0, known events that will take effect at some point in the current year and are expected to have a material effect on plan funding (such as plan amendments, scheduled benefit increases, etc.) and to project the effect on plan liabilities to the end of the current plan year.

Compliance Pending Further Guidance

For defined benefit pension plans with an April 30, 2025 deadline for furnishing the 2024 annual funding notice, the timing of this Bulletin may present some complexity.

- Although the DOL recognizes that plan administrators are at varying stages of furnishing the 2024 annual funding notices, the DOL notes that a “reasonable, good faith interpretation of section 101(f), as amended” includes the guidance in the Bulletin. If a plan has already prepared or begun to prepare the annual funding notice for the 2024 notice year, the DOL expects plan administrators to take appropriate corrective action to the extent that such notices did not meet the aforementioned standard.
- The model notices found in Appendix A and Appendix B of 29 2520.101-5 no longer comply with section 101(f), as amended, for plan years after December 31, 2023. However, plan administrators may rely on the updated model notices in the appendices of the Bulletin.

¹ “Small plans” (generally, plans with 100 or fewer participants on each day during the plan year preceding the notice year, as described in section 303(g)(2)(B) of ERISA), have up to 9 ½ months following the close of the plan year (instead of 120 days for large plans) to furnish the notice under 29 CFR 2520.101-5(d)(2).

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