

115TH CONGRESS  
1ST SESSION

# S. 868

To amend the Employee Retirement Income Security Act of 1974 to require a lifetime income disclosure.

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## IN THE SENATE OF THE UNITED STATES

APRIL 6 (legislative day, APRIL 4), 2017

Mr. ISAKSON (for himself and Mr. MURPHY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Employee Retirement Income Security Act of 1974 to require a lifetime income disclosure.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Lifetime Income Dis-  
5 closure Act”.

6 **SEC. 2. DISCLOSURE REGARDING LIFETIME INCOME.**

7 (a) IN GENERAL.—Subparagraph (B) of section  
8 105(a)(2) of the Employee Retirement Income Security  
9 Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

10 (1) in clause (i), by striking “and” at the end;

1           (2) in clause (ii), by striking “diversification.”  
 2           and inserting “diversification, and”; and  
 3           (3) by inserting at the end the following:

4                         “(iii) the lifetime income disclosure  
 5                         described in subparagraph (D)(i).

6           In the case of pension benefit statements de-  
 7           scribed in clause (i) of paragraph (1)(A), a life-  
 8           time income disclosure under clause (iii) of this  
 9           subparagraph shall be required to be included  
 10          in only one pension benefit statement during  
 11          any one 12-month period.”.

12          (b) LIFETIME INCOME.—Paragraph (2) of section  
 13          105(a) of such Act (29 U.S.C. 1025(a)) is amended by  
 14          adding at the end the following new subparagraph:

15                         “(D) LIFETIME INCOME DISCLOSURE.—

16                                 “(i) IN GENERAL.—

17   “(I) DISCLOSURE.—A lifetime in-  
 18   come disclosure shall set forth the life-  
 19   time income stream equivalent of the  
 20   total benefits accrued with respect to  
 21   the participant or beneficiary.

22   “(II) LIFETIME INCOME STREAM  
 23   EQUIVALENT OF THE TOTAL BENE-  
 24   FITS ACCRUED.—For purposes of this  
 25   subparagraph, the term ‘lifetime in-

1           come stream equivalent of the total  
2           benefits accrued’ means the amount of  
3           monthly payments the participant or  
4           beneficiary would receive if the total  
5           accrued benefits of such participant or  
6           beneficiary were used to provide life-  
7           time income streams described in sub-  
8           clause (III), based on assumptions  
9           specified in rules prescribed by the  
10          Secretary.

11                   “(III)       LIFETIME       INCOME  
12          STREAMS.—The   lifetime   income  
13          streams described in this subclause  
14          are a qualified joint and survivor an-  
15          nuity (as defined in section 205(d)),  
16          based on assumptions specified in  
17          rules prescribed by the Secretary, in-  
18          cluding the assumption that the par-  
19          ticipant or beneficiary has a spouse of  
20          equal age, and a single life annuity.  
21          Such lifetime income streams may  
22          have a term certain or other features  
23          to the extent permitted under rules  
24          prescribed by the Secretary.

1           “(ii) MODEL DISCLOSURE.—Not later  
2 than 1 year after the date of the enact-  
3 ment of the Lifetime Income Disclosure  
4 Act, the Secretary shall issue a model life-  
5 time income disclosure, written in a man-  
6 ner so as to be understood by the average  
7 plan participant, that—

8                   “(I) explains that the lifetime in-  
9 come stream equivalent is only pro-  
10 vided as an illustration;

11                   “(II) explains that the actual  
12 payments under the lifetime income  
13 stream described in clause (i)(III)  
14 that may be purchased with the total  
15 benefits accrued will depend on nu-  
16 merous factors and may vary substan-  
17 tially from the lifetime income stream  
18 equivalent in the disclosures;

19                   “(III) explains the assumptions  
20 upon which the lifetime income stream  
21 equivalent was determined; and

22                   “(IV) provides such other similar  
23 explanations as the Secretary con-  
24 siders appropriate.

1 “(iii) ASSUMPTIONS AND RULES.—

2 Not later than 1 year after the date of the  
3 enactment of the Lifetime Income Dislo-  
4 sure Act, the Secretary shall—

5 “(I) prescribe assumptions that  
6 administrators of individual account  
7 plans may use in converting total ac-  
8 crued benefits into lifetime income  
9 stream equivalents for purposes of  
10 this subparagraph; and

11 “(II) issue interim final rules  
12 under clause (i).

13 In prescribing assumptions under sub-  
14 clause (I), the Secretary may prescribe a  
15 single set of specific assumptions (in which  
16 case the Secretary may issue tables or fac-  
17 tors that facilitate such conversions), or  
18 ranges of permissible assumptions. To the  
19 extent that an accrued benefit is or may be  
20 invested in a lifetime income stream de-  
21 scribed in clause (i)(III), the assumptions  
22 prescribed under subclause (I) shall, to the  
23 extent appropriate, permit administrators  
24 of individual account plans to use the  
25 amounts payable under such lifetime in-

1           come stream as a lifetime income stream  
2           equivalent.

3           “(iv) LIMITATION ON LIABILITY.—No  
4           plan fiduciary, plan sponsor, or other per-  
5           son shall have any liability under this title  
6           solely by reason of the provision of lifetime  
7           income stream equivalents which are de-  
8           rived in accordance with the assumptions  
9           and rules described in clause (iii) and  
10          which include the explanations contained in  
11          the model lifetime income disclosure de-  
12          scribed in clause (ii). This clause shall  
13          apply without regard to whether the provi-  
14          sion of such lifetime income stream equiva-  
15          lent is required by subparagraph (B)(iii).

16          “(v) EFFECTIVE DATE.—The require-  
17          ment in subparagraph (B)(iii) shall apply  
18          to pension benefit statements furnished  
19          more than 12 months after the latest of  
20          the issuance by the Secretary of—

21                  “(I) interim final rules under  
22                  clause (i);

23                  “(II) the model disclosure under  
24                  clause (ii); or

1                                   “(III) the assumptions under  
2                                   clause (iii).”.

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