

DOL Updates Model Annual Funding Notices for SECURE 2.0

by Suzanne E. Meeker on April 28, 2025

On April 3, 2025, the Department of Labor issued [Field Assistance Bulletin No. 2025-02](#) (the FAB), providing initial guidance and updated models for defined benefit plan Annual Funding Notices that comply with the notice requirements under the SECURE 2.0 Act of 2022 (SECURE 2.0).

Background

Section 101(f) of the Employee Retirement Income Security Act of 1974 requires administrators of defined benefit retirement plans to provide an Annual Funding Notice (AFN) to participants and beneficiaries, the Pension Benefit Guaranty Corporation (PBGC) and, if applicable, the union representing participants and employers contributing to a multiemployer plan. The AFN is intended to keep plan participants and other key parties informed about the plan's financial status, including its funding levels, assets, liabilities, and federal protections for retirement benefits.

SECURE 2.0 significantly changed certain requirements for the AFN in an effort to provide plan participants and beneficiaries with clearer and more useful information about their plan's financial health. The changes are effective for plan years beginning after December 31, 2023, i.e., for AFNs due by April 30, 2025, for most calendar-year plans.

Updated Model Notices

The key changes under SECURE 2.0 that are reflected in the updated model AFNs (one for [single-employer plans](#), one for [multiemployer plans](#)) include the following:

- The plan's funded status was previously expressed by its "funding target attainment percentage." It is now presented as the "percentage of plan liabilities funded," which uses fair market values to provide a more understandable measure for participants.
- The notice must now include investment return data for the plan year, to help participants understand how plan assets perform over time.

- Participant counts as of the last day of each of the three preceding plan years, presented in tabular format, are now required. This change gives participants a multi-year view of plan demographics.
- The section describing the PBGC has been expanded to clarify that participants may receive more than the PBGC guarantees if the plan is well funded and that PBGC assumptions may result in a lower funded status than the one reported.
- The AFN is no longer required to disclose “at-risk” liability calculations for certain underfunded plans, simplifying the notice and removing a potentially confusing concept.

In addition to these substantive changes, the format and tone of the updated model AFNs should be more participant-friendly than the previous models. The introduction section now provides a simplified directory of the notice's contents, more information is presented in tables, and text has been modified to present information and concepts more clearly. Although the AFN will always be a technical document, the updated models promise to be accessible to more participants and beneficiaries than before.

Compliance Deadlines

The FAB does not grant relief for failure to comply with the SECURE 2.0 changes to the AFN. Therefore, using a superseded model AFN will not produce a compliant notice for the 2024 plan year. However, while the FAB encourages using the updated models to ensure compliance, it also recognizes that the new guidance may have arrived too late for some plans to do so. If a plan's notice was already prepared or well in process when the FAB was issued, it may be used if the administrator determines that it reflects a reasonable, good-faith interpretation of section 101(f), as amended by SECURE 2.0. To the extent the notice does not meet that standard, the administrator must take appropriate corrective action.

Any defined benefit plan sponsor that has not already done so should coordinate with legal counsel and the plan actuary to ensure their 2024 AFN reflects all required changes. Non-calendar year plans, which must furnish AFNs by 120 days after the close of the applicable plan year, and all small plans (100 or fewer participants), which must provide the AFN by their Form 5500 filing deadline, should be able to use the updated models without issue.



If you have questions about the AFN requirement for defined benefit retirement plans or other mandated participant disclosures, please contact a member of Verrill's Employee Benefits & Executive Compensation Group.



Suzanne E. Meeker

Counsel

T (207) 253 4906

[email](#)