

Plan Sponsor's Handbook to the SECURE Act 2.0

The following provides a guide for sponsors of calendar year plans, outlining key provisions and tasks to consider for 2023 and each subsequent year through to 2027. It organizes topics by year, aligning with the effective dates of various SECURE 2.0 provisions. To ensure timely and effective planning, sponsors should ideally begin preparing for the upcoming year's tasks in the latter half of the current year, if not sooner. This approach will help in staying ahead of changes and maintaining compliance with the evolving requirements of the SECURE 2.0 Act.

SECURE 2.0 YEARLY TASK LIST FOR PLAN SPONSORS

2023

REQUIRED CHANGES Implement the new RMD beginning age of 73 for those turning 72 in 2023 and later.

OPTIONAL CHANGES Evaluate whether de minimis financial incentives would boost plan participation.

- ▶ Evaluate whether to provide participants the option to receive match or nonelective as a Roth contribution.
- ▶ Consider implementing permanent disaster distribution provisions.
- ▶ Consider allowing early distributions for terminally ill participants.

THINGS TO CONSIDER

- ▶ Evaluate whether to provide participants the option to receive match or nonelective as a Roth contribution.
- ▶ Consider implementing permanent disaster distribution provisions.
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2024

REQUIRED CHANGES

- ▶ For 401(k) plans, ensure that the plan is ready to accept deferrals from part-time employees with at least 500 hours in three consecutive years of service since January 1, 2021 (as required by SECURE 1.0), and adjust vesting rules for these individuals.
- ▶ Implement and communicate changes to RMD processes to eliminate pre-death RMDs from Roth accounts in plans.

OPTIONAL CHANGES Consider whether to implement a student loan match in your plan.

- ▶ For 403(b) plans, consider expanding sources that are eligible to be withdrawn for hardships.
- ▶ Consider whether to implement the \$1,000 emergency savings withdrawal and/or a pension-linked emergency savings account.
- ▶ Evaluate whether to allow early withdrawals of up to \$10,000 or 10% of vested balance for domestic abuse victims.
- ▶ Terminated participants with a balance of less than \$7,000 can now be automatically "Forced-Out" of the 401k plan. Prior to SECURE 2.0 this limit was \$5,000.

THINGS TO CONSIDER

- ▶ Evaluate implementing auto-portability

2025

REQUIRED CHANGES

- ▶ For 401(k) and 403(b) plans, ensure that the plan is ready to accept deferrals from part-time employees with at least 500 hours of service in two consecutive years.
- ▶ For 401(k), 403(b), and governmental 457(b) plans, ensure that the plan is ready to administer higher catch-up contribution limits for individuals between the ages of 60 and 63.
- ▶ For nongovernmental or non-collectively bargained plans, ensure that the plan is amended for SECURE 1.0 and SECURE 2.0 by the end of 2025.
- ▶ For ERISA-governed plans, provide additional reporting to the DOL concerning the disposition of balances attributed to terminated participants. (Note: Requires issuance of regulations that may occur earlier than 2025.)

THINGS TO CONSIDER

Eliminate certain duplicative plan notices. (Note: Requires issuance of regulations.)

2026

REQUIRED CHANGES

For ERISA-covered plans, provide a paper benefit statement at least once annually (unless an exception applies).

Ensure that catch-up contributions are made on a Roth basis, unless a participant has prior-year wages of \$145,000 or less, indexed. If your plan has catch-up contributions but no Roth feature, ensure that participants can make salary deferrals on a Roth basis.

THINGS TO CONSIDER

Consider allowing participants to use retirement funds up to \$2,500 annually to pay for eligible long-term care insurance.

2027

REQUIRED CHANGES

For governmental or collectively bargained plans, ensure that the plan is amended for SECURE 1.0 and SECURE 2.0 by the end of 2027.

THINGS TO CONSIDER

Consider allowing your plan to accept Saver's Match funding from the federal government.



Questions?

The **SECURE 2.0 Act** brings substantial changes to retirement planning, with a mix of opportunities and challenges. These changes offer new avenues for tax-efficient retirement savings and require proactive adjustments to your financial planning strategies. By staying informed and working with financial professionals, you can navigate these changes effectively to maximize the benefits for both your personal finances.

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