



Important Updates

SECURE 2.0: Complete Guide for Plan Sponsors

☎ 503.683.2545
✉ info@endeavor-retirement.com
🔗 endeavor-retirement.com



Table of Contents

CATEGORY 1: EXPANDING COVERAGE AND ACCESS FOR AMERICA.....	4
CATEGORY 2: FLEXIBILITY FOR SAVERS IN QUALIFIED PLANS.....	7
CATEGORY 3: EASE OF ADMINISTRATION FOR PLAN SPONSORS.....	10
CATEGORY 4: LONGEVITY PROVISIONS.....	18
CATEGORY 5: PROVISIONS RELATED TO INDIVIDUAL SAVERS (FINANCIAL PLANNING, IRAS AND BEYOND).....	20
CATEGORY 6: MISCELLANEOUS PROVISIONS.....	23

SECURE 2.0 was enacted on December 29, 2022. SECURE 2.0 was originally just the nickname for the culmination of three bills¹ until Congress reconciled the three bills and included the SECURE 2.0 Act of 2022 (SECURE 2.0) as Division T of a larger omnibus spending bill.² Building off the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act of 2019)³, SECURE 2.0 includes the “bigger and better” provisions to expand coverage and encourage Americans to save for retirement.

With nearly 92 provisions, SECURE 2.0 breaks down into six categories:

1. Expanding coverage and access for Americans
2. Flexibility for savers in qualified plans
3. Easing administration for plan sponsors
4. Longevity provisions
5. Provisions related to individual savers (financial planning, IRAs and beyond)
6. Miscellaneous provisions applicable to specific plan types, revenue raising provisions, etc.

To assist plan sponsors in understanding SECURE 2.0, it is important to consider:

1. Which provisions impact the plan based on plan type (e.g., 401(k), 403(b), etc.) and size of employer (e.g., small business definition under the legislation).
2. The timing of when the provision applies (date of enactment, plan year’s beginning, taxable year’s beginning, etc.).
3. Whether the provision is permissive (i.e., optional) or required.

Under SECURE 2.0, if the plan complies with the amendments based on the effective date in the legislation, the actual plan changes will not be required to be made until the last day of the first plan year beginning on or after January 1, 2025 (or 2027 in the case of governmental plans). In other words, the legislation provides for a grace period for sponsors to bring their plan document into compliance, provided the plan itself is operating in compliance. SECURE 2.0 also conforms and extends the plan amendment dates under the SECURE Act of 2019, the CARES Act, and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 to these same dates (instead of 2022 and 2025).⁴

¹The three bills were: (1) Securing a Strong Retirement Act from the House; (2) Retirement Improvement and Savings Enhancement to Supplement Health Improvements for the Nest Egg Act (RISE & SHINE Act) from the Senate; and (3) Enhancing American Retirement Now Act (EARN Act) from the Senate.

²See the Consolidated Appropriations Act of 2023.

³There were two overarching retirement policy goals from the SECURE Act of 2019: (1) expand coverage for those without access to a plan; and (2) address longevity for Americans who are living longer and need savings throughout the later years of life.

⁴See Section 501.

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
---------------------	--------	--

CATEGORY 1: EXPANDING COVERAGE AND ACCESS FOR AMERICANS.

SECURE 2.0 builds on the provisions from the SECURE Act of 2019 and seeks to expand coverage to ensure that more Americans have access to a workplace retirement-savings plan. This category includes several provisions related to starting a plan and encouraging savings through automatic features once the plan is established.

<p>Starter-K (Section 121): Permits employers who do not currently sponsor a retirement plan to offer a “starter” 401(k) plan or safe harbor 403(b) plan. Employers are not allowed to contribute, and employees are automatically enrolled at 3% of pay (up to 15%). The limits start at \$6,000, indexed to inflation. There is an additional opportunity for a catch-up contribution of \$1,000 for those individuals over 50 years old.⁵ No ADP and no top-heavy tests required.</p>	<p>This provision becomes available in 2024.</p>	<p><i>Impacted plans:</i> Employers without a plan.</p> <p><i>Implementation pointers:</i> Permissive provision; employers will weigh administrative costs (for which there are tax credits). May be more impactful in states that have state mandates for plans because this is similar to the private-sector version of an auto IRA.</p>
<p>Automatic enrollment and automatic escalation provision (Section 101): This provision requires that all new plans automatically enroll participants at a rate of at least 3% of pay, but not more than 10% of pay. Participants must be automatically escalated at a rate of 1% per year until reaching at least 10% of pay, but not greater than 15% of pay.</p>	<p>Effective for plans formed after Dec. 29, 2022, though implementation of automatic enrollment provision is not required to begin until 2025.</p>	<p><i>Impacted plans:</i> Important exceptions for businesses with 10 or fewer employees, businesses established less than three years ago, churches and governmental organizations are carved out.</p> <p><i>Implementation pointers:</i> New plans formed in 2023 must comply, but are allowed until Jan. 1, 2025 to implement auto-enroll or auto-escalate.</p>
<p>Tax credit for plan start-ups (Section 102): For employers with 1-50 employees, this provision provides a credit of up to 100% of start-up costs for the first three years after adopting the new plan. This credit is capped at \$5,000 per employer annually (total of \$15,000 for the three years).</p> <p>50% credit from the SECURE Act of 2019 remains for those businesses with 51-100 employees.</p> <p>Additional tax credit for five years of up to \$1,000 per employee equal to the applicable % of eligible employer contributions. This tax credit does not apply to defined benefit plans and there is an exception for employees with wages in excess of \$100,000 (indexed).</p>	<p>Effective for taxable years beginning after Dec. 31, 2022.</p>	<p><i>Impacted plans:</i> Employers with 100 employees or less.</p> <p><i>Implementation pointers:</i> Administrative costs are broadly defined such that employer’s out-of-pocket costs, eligible for the tax credit, can likely cover all employer-paid expenses. Provision can be used to overcome employer-cost objections. (See Section 111 for MEPs). When determining if a new plan should be formed, the tax credit for start-up costs, combined with the tax credit for employer contributions result in substantially lower employer costs.</p>

⁵ Likely a technical correction related to the limits and further guidance required. Read more from the American Retirement Association, available [here](#).

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Credit for small-employer pension-plan startup costs to employers which join an existing plan (Section 111): This provision ensures the startup credit provided in Section 102 is available for three years for employers joining a MEP, regardless of how long the MEP has existed.</p>	<p>Effective retroactively for taxable years beginning after Dec. 31, 2019.</p>	<p><i>Impacted plans:</i> MEPs and PEPs. <i>Implementation pointers:</i> Fixes problem under SECURE Act of 2019 and previous law where employers joining pre-existing MEPs would not qualify for the credit if the MEP had existed for more than three years.</p>
<p>Improving coverage for part-time workers (Section 125): SECURE Act of 2019 required employers to allow long-term, part-time workers to participate in the employers' 401(k) plans. SECURE Act of 2019 further provided that – except in the case of collectively bargained plans – employers maintaining a 401(k) plan must have a dual eligibility requirement under which an employee must complete either one year of service (with the 1,000-hour rule) or three consecutive years of service (where the employee completes at least 500 hours of service).</p> <p>Section 125 reduces the three-year rule to two years and provides that pre-2021 service is disregarded for vesting purposes.</p>	<p>Effective for plan years beginning after Dec. 31, 2024.</p>	<p><i>Impacted plans:</i> Plans with long-term, part-time employees. <i>Implementation pointers:</i> This provision also extends the long-term part-time coverage rules to 403(b) plans that are subject to ERISA. 403(b) plans were not subject to this provision in SECURE Act of 2019, but should evaluate in light of universal availability requirements.</p>
<p>Military spouse retirement plan eligibility credit for small employers (Section 112): Provides small employers a tax credit with respect to their defined contribution plans if they (1) make military spouses immediately eligible for plan participation within two months of hire, (2) upon plan eligibility, make the military spouse eligible for any matching or nonelective contribution that they would have been eligible for otherwise at two years of service and (3) make the military spouse 100% immediately vested in all employer contributions.</p> <p>The employer tax credit equals a sum of (1) \$200 per military spouse and (2) 100% of all employer contributions (up to \$300) made on behalf of the military spouse, for a maximum tax credit of \$500.</p>	<p>Effective for taxable years after the date of enactment.</p>	<p><i>Impacted plans:</i> Small-employer plans. <i>Implementation pointers:</i> Credit does not apply for highly compensated employees. Employer may rely on employee's self-certification that spouse is a member of the uniformed services.</p>
<p>Small immediate financial incentives for contributing to a plan (Section 113): Removes prohibition on “de minimis” financial incentives, such as gift cards, that an employer may give to employees as an incentive for participating in the plan. Previously these incentives were prohibited.</p>	<p>Effective for plan years beginning after enactment.</p>	<p><i>Implementation pointers:</i> Cannot pay for such incentives out of plan assets. De minimis is undefined, for now; stay tuned for anticipated regulatory guidance and use good judgment.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Allow additional nonelective contributions to SIMPLE plans and increase contribution limits (Section 116s and 117): Allows an employer to make additional contributions to each employee of the plan in a uniform manner, provided that the contribution does not exceed the lesser of 10% of compensation or \$5,000 (indexed for inflation).</p> <p>For the employee, the contribution limit is increased to 110% of the 2024 Simple IRA plan limit (as indexed) and the catch-up contribution limit at age 50 to 110% of the 2024 Simple IRA plan limit (as indexed) in the case of an employer with no more than 25 employees. Employers with 26 to 100 employees are permitted to provide higher deferral limits, but only if the employer either provides a 4% matching contribution or a 3% employer contribution.</p>	<p>Effective for taxable years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> SIMPLE plans.</p> <p><i>Implementation pointers:</i> This should give employers with a SIMPLE plan more flexibility, though they are not required to take any action.</p>
<p>Tax treatment of certain non-trade or business SEP contributions (Section 118): Section 118 permits employers of domestic employees (e.g., nannies) to provide retirement benefits for such employees under a Simplified Employee Pension (SEP).</p>	<p>Effective for taxable years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> Employer plans for domestic employees.</p> <p><i>Implementation pointers:</i> Allows contributions to SEP IRAs or SIMPLEs to be excluded from the 10% excise tax. Currently, these are not deductible, solely because they are not in conjunction with a trade or business.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
---------------------	--------	--

CATEGORY 2: FLEXIBILITY FOR SAVERS IN QUALIFIED PLANS.

Studies show that many Americans do not have the savings to cover basic emergencies. To combat these concerns, this second category of provisions builds off many of the themes from the CARES Act and SECURE Act of 2019 and introduces ways for participants to save in a qualified retirement plan while still saving for basic emergencies and accessing their funds if ever needed. Many of these provisions are permissive – meaning plan sponsors don’t have to add them to the plan but may add them, so long as their recordkeeper is able to support the provision operationally. This category also includes the saver’s match, which is the government’s way of rewarding participants for saving.

<p>Saver’s match (Section 103): Repeals and replaces tax credit with a federal matching contribution into the taxpayer’s retirement plan. The match is 50% of contributions, up to \$2,000 per individual.</p>	<p>Effective for taxable years beginning after Dec. 31, 2026.</p>	<p><i>Impacted plans:</i> Plans with employees earning less than \$71,000 (filing jointly), \$35,500 (single, filing separately) or \$53,250 (head of household).</p> <p><i>Implementation pointers:</i> Applies only to low-to-moderate income earners. It is unclear what, if any, action will be required operationally.</p>
<p>Withdrawals for certain emergency expenses (Section 115): Provides exception from an additional 10% tax on early distributions for certain emergencies. Only one distribution is permissible per year of up to \$1,000, and a taxpayer has the option to repay the distribution within three years. No further emergency distributions are permissible during the three-year repayment period, unless repayment occurs.</p>	<p>Effective for distributions made after Dec. 31, 2023.</p>	<p><i>Implementation pointers:</i> The participant is NOT required to repay but has the option to repay.</p> <p>See also, Section 127 (Emergency Savings Accounts).</p>
<p>Emergency savings accounts linked to individual account plans (Section 127): Provides employers the option to offer pension-linked emergency savings accounts to their non-highly compensated employees. Employers may automatically opt employees into these accounts at no more than 3% of their salary, and the portion of an account attributable to the employee’s contribution is capped at \$2,500 (or lower, as set by the employer). Once the cap is reached, the additional contributions can be directed to the employee’s Roth-defined contribution plan (if they have one) or stopped until the balance attributable to contributions falls below the cap.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Implementation pointers:</i> This is a permissive provision. Operationally, requires a recordkeeper to be able to facilitate.</p> <p>Critics have raised concerns about potential employee abuse. Proponents say separate accounts are beneficial and necessary to help participants understand one account is for short-term emergencies and the other is for retirement.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Penalty-free withdrawal from retirement plans for an individual case of domestic abuse (Section 314): A domestic abuse survivor may need to access his or her money in their retirement account for various reasons, such as escaping an unsafe situation.</p> <p>Section 314 allows retirement plans to permit participants who self-certify that they experienced domestic abuse to withdraw a small amount of money (the lesser of \$10,000, indexed for inflation or 50% of the participant's account). A distribution made under Section 314 is not subject to the 10% tax on early distributions. The withdrawal must be taken within one year of the domestic abuse.</p>	<p>Effective for distributions made after Dec. 31, 2023.</p>	<p><i>Implementation pointers:</i> A participant can repay the withdrawn money from the retirement plan over three years and will be refunded for income taxes on money that is repaid. This builds off the provisions from CARES Act and SECURE Act of 2019 and is reliant upon self-certification.</p>
<p>Exception to penalty on early distributions from qualified plans for individuals with a terminal illness (Section 326): Provides an exception to the 10% penalty tax in the case of a distribution to a terminally ill individual.</p>	<p>Effective for distributions made after the date of enactment.</p>	<p><i>Implementation pointers:</i> Unlike some of the other provisions that are based on self-certification, this provision requires physician certification.</p>
<p>Special rules for use of retirement funds in connection with qualified federally-declared disasters (Section 331): Provides permanent rules relating to the use of retirement funds in the case of a federally-declared disaster. The permanent rules allow up to \$22,000 to be distributed from employer retirement plans or IRAs for affected individuals. Such distributions are not subject to the 10% additional tax and are taken into account as gross income over three years. Distributions can be repaid to a tax-preferred retirement account. Amounts distributed before the disaster to purchase a home can be re-contributed, and an employer is permitted to provide for a larger amount to be borrowed from a plan by affected individuals and for additional time for repayment of plan loans owed by affected individuals.</p>	<p>Effective for disasters occurring on or after Jan. 26, 2021.</p>	<p><i>Implementation pointers:</i> Congress previously had eased distribution rules on a disaster-by-disaster basis. While this provision reduces the amount typically granted, it creates a framework for future, inevitable disasters.</p>
<p>Long-term care contracts purchased with retirement plan distributions (Section 334): Permits retirement plans to distribute up to \$2,500 per year for the payment of premiums for certain specified long-term care insurance contracts. Distributions from plans to pay such premiums are exempt from the additional 10% tax on early distributions.</p>	<p>Effective starting in 2025.</p>	<p><i>Implementation pointers:</i> Only a policy that provides high-quality coverage is eligible for early distribution and waiver of the 10% tax. Treasury Department will maintain a list of certified long-term care providers.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Repayment of qualified birth or adoption distribution (QBAD) limited to three years (Section 311): Amends the QBAD provisions from SECURE Act of 2019 to restrict the re-contribution period to three years and requires QBADs to be re-contributed within three years of the distribution in order to qualify as a rollover contribution.</p>	<p>Effective for distributions taken after the date of enactment. For pre-enactment distributions, the repayment period ends on Dec. 31, 2025.</p>	<p><i>Implementation pointers:</i> This aligns the rule with similar disaster-relief provisions and simplifies plan administration.</p>
<p>Student loan payments as elective deferrals for matching (Section 110): Builds on the Internal Revenue Service (IRS) Private Letter Ruling from 2018.⁶ This provision allows plan sponsors to make a matching contribution on behalf of participants in the plan who are making student loan repayments. The employee self-certifies that the loan payment was made whereby a qualified student loan payment is broadly defined as any indebtedness incurred by the employee solely to pay qualified higher education expenses of the employee.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> 401(k), 403(b), 457(b), SIMPLE. <i>Implementation pointers:</i> Employer contribution is treated as a match, and the employer can test ADP separately for those receiving the match. This is a permissive provision that employers can determine if they want to add or not.</p>

⁶ See Private Letter Ruling, available [here](#).

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>CATEGORY 3: EASE OF ADMINISTRATION FOR PLAN SPONSORS. SECURE 2.0 includes many provisions that make administering a retirement plan more complicated, but there are some provisions in this third category that are intended to make plan administration easier. Chiefly, this category includes provisions for employers to form a single employer plan and shift liability with pooled employer plan and multiple employer plan provisions. This category includes several other technical provisions intended to assist plan sponsors, including updates to the Employee Plans Compliance Resolution System, which will require further guidance from the IRS.</p>		
<p>Pooled employer plan modification (Section 105): Clarifies that a pooled employer plan (PEP) may designate a third-party named fiduciary to collect plan contributions. Named fiduciaries are required to implement written contribution collection procedures that are reasonable, diligent and systematic.</p>	<p>Effective for plan years after Dec. 31, 2022.</p>	<p><i>Impacted plans:</i> Pooled employer plans. <i>Implementation pointers:</i> Operationally, employers going into a PEP typically face carve-outs in the PEP agreements related to data aggregation and employer contributions; this provision helps to make PEPs more attractive.</p>
<p>Multiple employer 403(b) plans (Section 106): Allows 403(b) plans to participate in MEPs and PEPs and provides relief from the “bad apple” rule.</p>	<p>Effective for plan years beginning after Dec. 31, 2022.</p>	<p><i>Impacted plans:</i> 403(b) plans. <i>Implementation pointers:</i> Provides relief to compliant employers when another employer in the MEP commits violations and brings 403(b) plans more in line with 401(k) plans as it relates to group plans.</p>
<p>Report on pooled employer plans (Section 344): Requires the Department of Labor (DOL) to conduct a study on the new and growing pooled employer plan industry.</p>	<p>Report on the findings of the study must be completed within five years of enactment.</p>	<p><i>Impacted plans:</i> PEPs. <i>Implementation pointers:</i> Stay tuned.</p>
<p>Annual audits for group of plans (Section 345): Clarifies that plans filing under a group of plans need only to submit an audit opinion if they have 100 participants or more. In other words, DOL and Treasury would continue to receive full audit information on at least the number of plans as under the previous law.</p>	<p>Effective on the date of enactment.</p>	<p><i>Impacted plans:</i> Defined contribution plans. <i>Implementation pointers:</i> Under current law, generally, a Form 5500 for a defined contribution plan must contain an opinion from an independent qualified public accountant as to whether the plan’s financial statements and schedules are fairly presented. However, no such opinion is required with respect to a plan covering fewer than 100 participants.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Expansion of Employee Plans Compliance Resolution System (Section 305): Section 305 expands the Employee Plans Compliance Resolution System (EPCRS) to (1) allow more types of errors to be corrected internally through self-correction, (2) apply to inadvertent IRA errors and (3) exempt certain failures to make required minimum distributions (RMD) from the otherwise applicable excise tax.</p>	<p>Effective on the date of enactment. Any guidance or revision of guidance required by Section 305 shall be promulgated no later than two years after the date of enactment.</p>	<p><i>Implementation pointers:</i> For example, Section 305 allows for correction of many plan loan errors through self-correction, which are a frequent area of error and can be burdensome to correct a single loan error through the IRS.</p>
<p>Safe harbor for corrections of employee elective deferral failures (Section 350): Allows for a grace period to correct, without penalty, reasonable errors in administering automatic enrollment and automatic escalation features. Errors must be corrected prior to 9.5 months after the end of the plan year in which the mistakes were made.</p> <p>Under previous law, employers that adopted a retirement plan with automatic enrollment and automatic-escalation features could be subject to significant penalties for even good-faith, inadvertent mistakes. The IRS has issued guidance on the correction of failures relating to default enrollment of employees into retirement plans. This guidance includes a safe harbor, which expires Dec. 31, 2023, that permits correction if (1) notice is given to the affected employee, (2) correct deferrals commence within certain specified time periods and (3) the employer provides the employee with any matching contributions that would have been made if the failure had not occurred.</p>	<p>Effective after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> Any plans using auto-enroll or auto-escalate.</p> <p><i>Implementation pointers:</i> Employers were rightly concerned about the lapse of the safe harbor at the end of 2023 and Section 350 addresses those concerns.</p> <p>See also Section 101, which requires automatic enrollment and automatic escalation. This companion provision assists employers concerned about the new requirements for automatic enrollment under Section 101.</p>
<p>Application of top heavy rules to defined contribution plans covering excludable employees (Section 310): Allows an employer to perform the top-heavy test separately on the non-excludable and excludable employees. This removes the financial incentive to exclude employees from the 401(k) plan and increase retirement plan coverage to more workers.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> 401(k).</p> <p><i>Implementation pointers:</i> Allows a top-heavy plan that covers otherwise excludable employees (employees who do not satisfy the tax Code’s minimum age and service eligibility rules – age 21 and one year of service) to perform separate top-heavy testing for excludable and non-excludable employees.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Employer may rely on employee certifying that deemed hardship distribution conditions are met (Section 312): Section 312 provides that, under certain circumstances, employees are permitted to self-certify that they have had an event that constitutes a hardship for purposes of taking a hardship withdrawal.</p>	<p>Effective for plan years beginning after the date of enactment.</p>	<p><i>Implementation pointers:</i> Harmonizes hardship rules with related regulations allowing self-certification. Plan sponsors may need to update internal controls and procedures for this provision and others where self-certification is available.</p>
<p>Individual retirement plan statute of limitations for excise tax on excess contributions and certain accumulations (Section 313): In order to provide finality for taxpayers in the administration of these excise taxes, Section 313 provides that a three year period of limitations begins when the taxpayer files an individual tax return (Form 1040) for the year of the violation, except in the case of excess contributions, in which case the period of limitations runs 6 years from the date Form 1040 is filed. There is a further exception from this 6-year rule for taxes that arise out of a bargain sale to the IRA.</p>	<p>Effective on the date of enactment.</p>	<p><i>Implementation pointers:</i> Individuals often are not aware of the requirement to file Form 5329, and this can lead to an indefinite period of limitations that can cause hardship for taxpayers due to the accumulation of interest and penalties. In general, these changes are intended to ensure that there is a reasonable period of limitations for violations of which taxpayers were not aware and thus did not file an excise tax return, while retaining existing law in fact scenarios that involve a bargain sale.</p>
<p>Reform of family attribution rule (Section 315): Adds special rules to address family attribution and to disregard community property laws for purposes of determining ownership of a business.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> Plans in community property states.</p> <p><i>Implementation pointers:</i> Under the former law, certain related businesses had to be aggregated when performing the coverage and nondiscrimination tests. The aggregation rules are generally based on the degree of common ownership of the businesses. In determining the level of ownership in a business, the tax laws have certain attribution rules whereby an individual is deemed to own stock held by other individuals or entities.</p>
<p>Amendments to increase benefit accruals under plan for previous plan year allowed until employer tax-return due date (Section 316): Amends previous provisions to allow discretionary amendments that increase participants' benefits to be adopted by the due date of the employer's tax return.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Implementation pointers:</i> The SECURE Act permits an employer to adopt a new retirement plan by the due date of the employer's tax return for the fiscal year in which the plan is effective.</p> <p>Previous law provided that plan amendments to an existing plan must generally be adopted by the last day of the plan year in which the amendment is effective. This precluded an employer from adding plan provisions that may be beneficial to participants.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Retroactive first year elective deferrals for sole proprietors (Section 317): Allows certain plans, when they are sponsored by sole proprietors or single- member LLCs, to receive employee contributions up to the date of the employee’s tax return filing date for the initial year.</p>	<p>Effective for plan years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> 401(k). <i>Implementation pointers:</i> Under SECURE Act of 2019, an employer may establish a new 401(k) plan after the end of the taxable year, but before the employer’s tax filing date, and treat the plan as having been established on the last day of the taxable year. Such plans may be funded by employer contributions up to the employer’s tax filing date.</p>
<p>Performance benchmarks for asset allocation funds (Section 318): Section 318 directs the Labor Secretary to update the DOL’s regulations so that an investment that uses a mix of asset classes can be benchmarked against a blend of broad-based securities market indices, provided that (1) the index blend reasonably matches the fund’s asset allocation over time, (2) the index blend is reset at least once a year and (3) the underlying indices are appropriate for the investment’s component asset classes and otherwise meet the rule’s conditions for index benchmarks.</p>	<p>The DOL is to update its regulations no later than two years after enactment.</p>	<p><i>Implementation pointers:</i> Section 318 also requires DOL to report to Congress on the effectiveness of its benchmarking requirements no later than three years after the applicability date of the regulations. Proponents of this change in the disclosure rule believe it allows better comparisons and aids participant decision-making.</p>
<p>Review and report to Congress (Section 319): Directs the Treasury Department, DOL and Pension Benefit Guaranty Corporation to review reporting and disclosure requirements for pension plans as soon as practicable, after enactment of SECURE 2.0.</p>	<p>Effective upon enactment.</p>	<p><i>Impacted plans:</i> Pension plans. <i>Implementation pointers:</i> Section 319 further directs the agencies to make recommendations to Congress to consolidate, simplify, standardize and improve such requirements no later than three years after the date of enactment.</p>
<p>Eliminating unnecessary plan requirements related to unenrolled participants (Section 320): Removes requirements for employers to provide certain intermittent ERISA or Code notices to unenrolled participants who have not elected to participate in a workplace retirement plan. However, to further encourage participation of unenrolled participants, the plan is required to send (1) an annual reminder notice of the participant’s eligibility to participate in the plan and any applicable election deadlines, and (2) any otherwise required document requested at any time by the participant.</p>	<p>Effective for plan years beginning after Dec. 31, 2022.</p>	<p><i>Impacted plans:</i> Plans with unenrolled participants. <i>Implementation pointers:</i> This rule applies only with respect to an unenrolled participant who received the summary plan description, in connection with initial eligibility under the plan, and any other notices related to eligibility under the plan required to be furnished.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Review of pension risk transfer interpretive bulletin (Section 321): Requires the DOL to review the current interpretive bulletin governing pension risk transfers. DOL must determine whether amendments are warranted.</p>	<p>DOL directed to report to Congress its finding, including an assessment of any risk to participants, no later than one year after enactment.</p>	<p><i>Impacted plans:</i> Pension plans. <i>Implementation pointers:</i> Stay tuned.</p>
<p>Surviving spouse election to be treated as employee (Section 327): Allows a surviving spouse to elect to be treated as the deceased employee for purposes of the RMD rules.</p>	<p>Effective for calendar years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> Plans subject to the RMD rules. <i>Implementation pointers:</i> Provides similar post-death spousal RMD rules to plans: Allows a spousal beneficiary to irrevocably elect to be treated as the employee for RMD purposes and if the spouse is the employee's sole designated beneficiary, the applicable distribution period after the participant's year of death is determined under the uniform life table.</p>
<p>Employers allowed to replace SIMPLE retirement accounts with safe harbor 401(k) plans during a year (Section 332): Allows an employer to replace a SIMPLE IRA plan with a SIMPLE 401(k) plan or other 401(k) plan that requires mandatory employer contributions during a plan year.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> SIMPLE plans. <i>Implementation pointers:</i> Permits an employer to elect to replace a SIMPLE IRA plan with a safe harbor 401(k) plan at any time during the year, provided certain criteria are met. The 2-year rollover limitation in SIMPLE IRAs converting to a 401(k) or 403(b) plan is waived.</p>
<p>Corrections of mortality tables (Section 335): Generally requires that for purposes of the minimum funding rules, a pension plan is not required to assume beyond the plan's valuation date future mortality improvements at any age greater than 0.78%.</p>	<p>Deemed to take effect on the date of enactment.</p>	<p><i>Impacted plans:</i> Pension plans. <i>Implementation pointers:</i> The Treasury Secretary is directed to amend the relevant regulation within 18 months.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Report to Congress on section 402(f) notices (Section 336): Section 402(f) notices are given by employer retirement plans in the case of a distribution to a participant who is eligible for rollover to another tax-preferred retirement account.</p>	<p>Requires the Government Accountability Office to issue a report to Congress on the effectiveness of section 402(f) notices within 18 months after the date of enactment.</p>	<p><i>Impacted plans:</i> Plans issuing 402(f) notices.</p> <p><i>Implementation pointers:</i> Section 336 also describes distribution options and tax consequences.</p>
<p>Requirement to provide paper statements in certain cases (Section 338): Amends ERISA to generally provide that, with respect to defined contribution plans, unless a participant elects otherwise, the plan is required to provide a paper benefit statement at least once annually.</p>	<p>DOL must update the relevant sections of their regulations and corresponding guidance by Dec. 31, 2024, and the annual paper statement is effective for plan years beginning after Dec. 31, 2025.</p>	<p><i>Impacted plans:</i> Defined benefit plans.</p> <p><i>Implementation pointers:</i> The other three quarterly statements required under ERISA are not subject to this rule (i.e., they can be provided electronically). For defined benefit plans, unless a participant elects otherwise, the statement that must be provided once every three years under ERISA must be a paper statement. Critics have raised the higher risk of identity theft associated with mailed statements. Participants may opt out.</p>
<p>Defined contribution plan fee disclosure improvements (Section 340): Requires the DOL to review its fiduciary disclosure requirements in participant-directed individual account plan regulations.</p>	<p>A report must be submitted to Congress within three years on such findings, including recommendations for legislative changes.</p>	<p><i>Impacted plans:</i> Plans with participant-directed individual account plan regulations</p> <p><i>Implementation pointers:</i> Section 340 builds on recommendations recently made to the DOL by the Government Accountability Office.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Consolidation of defined contribution plan notices (Section 341): Current law requires certain retirement plan notices to be provided to participants as individual notices.</p>	<p>Section 341 directs Treasury and DOL Secretaries within two years to amend regulations to permit a plan to consolidate certain required plan notices.</p>	<p><i>Implementation pointers:</i> Stay tuned for advisory guidance.</p>
<p>Information needed for financial options risk mitigation act (Section 342): Section 342 requires pension plan administrators to provide plan participants and retirees with critical information that would allow people who are considering what is best for their financial futures to compare between benefits offered under the plan and the lump sum, and would explain how the lump sum was calculated, the ramifications of accepting a lump sum, such as the loss of certain federal protections, details about the election period, where to follow up with questions and other information.</p>	<p>Such regulations must be applicable not earlier than the issuance of a final rule and not later than one year after issuance of a final rule.</p>	<p><i>Impacted plans:</i> Pension plans. <i>Implementation pointers:</i> The DOL Secretary must issue regulations implementing this provision not earlier than one year after enactment.</p>
<p>Defined benefit annual funding notices (Section 343): Amends existing defined benefit plan notices to require additional information regarding plan funding status.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> All defined benefit plans. <i>Implementation pointers:</i> Section 343 aims to identify defined benefit pension plan funding issues more clearly on a plan's annual funding notice.</p>
<p>Worker Ownership, Readiness, and Knowledge (WORK) Act (Section 346): Section 346 boosts employee ownership programs through the DOL.</p>	<p>Funds are authorized to be appropriated for the purpose of making grants for fiscal years 2025 to 2029.</p>	<p><i>Implementation pointers:</i> DOL is authorized to make grants to promote employee ownership through existing and new programs.</p>
<p>Report by the Secretary of Labor on the impact of inflation on retirement savings (Section 347): Section 347 directs the DOL Secretary, in consultation with the Treasury Secretary, to study the impact of inflation on retirement savings and submit a report to Congress within 90 days on the findings of the study.</p>	<p>Effective upon enactment.</p>	

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Updating dollar limit for mandatory distributions (Section 304): Increases the limit from \$5,000 to \$7,000 for transfer of former employees' retirement plan account into an IRA.</p>	<p>Effective for distributions made after Dec. 31, 2023.</p>	<p><i>Implementation pointers:</i> Under the old limit, employers could transfer former employees' retirement accounts from a workplace retirement plan into an IRA if their balances are between \$1,000 and \$5,000.</p>
<p>Exemption for certain automatic portability transactions (Section 120): Creates a statutory exemption from the prohibited transaction rules under Section 4975 of the Code providing relief when an entity receives compensation in connection with the transfer of an involuntary distribution (made under Code Section 401(a)(31)(B)(i)) from an IRA into an employer-provided defined contribution plan after the individual has been given timely notice and has not opted out.</p>	<p>Effective beginning one year after the date of enactment.</p>	<p><i>Impacted plans:</i> Plans with terminated vested accounts under \$5,000.</p> <p><i>Implementation pointers:</i> The relief is subject to a number of conditions. DOL is directed to issue certain guidance and studies related to the exemption.</p>
<p>Recovery of retirement plan overpayments (Section 301): Allows plan fiduciaries discretion to not recoup overpayments mistakenly made to retirees.</p>	<p>Effective on date of enactment.</p>	<p><i>Impacted plans:</i> 401(a), 403(a), 403(b), and governmental plans.</p> <p><i>Implementation pointers:</i> A 401(a), 403(a), 403(b), and governmental plan (but not including a 457(b) plan) will not fail to be a tax-favored plan merely because the plan fails to recover an "inadvertent benefit overpayment" or otherwise amends the plan to permit this increased benefit. In certain cases, the overpayment is also treated as an eligible rollover distribution.</p> <p>There is also fiduciary relief for failure to make the plan whole.</p> <p>However, the plan sponsor must still satisfy minimum funding requirements and prevent/restore an impermissible forfeiture.</p>
<p>Retirement savings lost and found (Section 303): Provides for creation of a national online searchable lost and found database for Americans' retirement plans at the DOL.</p>	<p>Section 303 directs the creation of the database no later than two years after the date of enactment.</p>	<p><i>Impacted plans:</i> Plans where beneficiaries have "lost" retirement funds.</p> <p><i>Implementation pointers:</i> The database will enable retirement savers, who might have lost track of their pension or 401(k) plan, to search for the contact information of their plan administrator.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>CATEGORY 4: LONGEVITY PROVISIONS. One of the major themes from the SECURE Act of 2019 was addressing longevity for Americans who are living longer and need savings throughout the later years of life. That theme continues in SECURE 2.0 with the provisions in this fourth category – particularly the ability for savers to satisfy the RMD requirements by purchasing a life annuity.</p>		
<p>Remove RMD barriers of life annuities (Section 201): Section 201 eliminates certain barriers to the availability of life annuities in qualified plans and IRAs that arise under current law due to an actuarial test in the RMD regulations. The test is intended to limit tax deferral by precluding commercial annuities from providing payments that start out small and increase excessively over time.</p>	<p>Effective for calendar years ending after the date of enactment.</p>	<p><i>Impacted plans:</i> IRAs. <i>Implementation pointers:</i> Designed to eliminate certain barriers for use of life annuities.</p>
<p>Qualifying longevity annuity contracts (Section 202): Section 202 addresses these limitations by repealing the 25% limit and allowing up to \$200,000 (indexed) to be used from an account balance to purchase a QLAC. Section 202 also facilitates the sales of QLACs with spousal survival rights – and clarifies that free-look periods are permitted up to 90 days with respect to contracts purchased or received in an exchange on or after July 2, 2014.</p>	<p>Effective for contracts purchased or received in an exchange on the date of enactment, and the Treasury Secretary must update the relevant regulations within 18 months of the date of enactment.</p>	<p><i>Impacted plans:</i> Defined contribution plans and QLACs. <i>Implementation pointers:</i> Eliminates the 25% limit and increases the dollar limit from \$125,000 (indexed) to \$200,000 (indexed). Clarifies that a divorce occurring after a QLAC is purchased but before payments begin will not affect the permissibility of the joint and survivor benefits under the contract. Further clarifies that employees may rescind a contract during the 90-day trial period (short free-look period).</p>
<p>Insurance-dedicated exchange-traded-funds (Section 203): Directs the Treasury Department to update the regulations to reflect the ETF structure to provide that ownership of an ETF’s shares by certain types of institutions that are necessary to the ETF’s structure would not preclude look-through treatment for the ETF, as long as it otherwise satisfies the current-law requirements for look-through treatment.</p>	<p>Section 203 is effective for segregated asset account investments made on or after seven years after the date of enactment and directs Treasury to update the relevant regulations by that time.</p>	<p><i>Impacted plans:</i> Retirement plans, IRAs, taxable investment accounts. <i>Implementation pointers:</i> This essentially facilitates the creation of a new type of ETF that is “insurance-dedicated.”</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Eliminating a penalty on partial annuitization (Section 204): Permits the account owner to elect to aggregate distributions from both portions of the account for purposes of determining minimum distributions.</p>	<p>Effective on the date of enactment.</p>	<p><i>Impacted plans:</i> Tax-preferred retirement accounts.</p> <p><i>Implementation pointers:</i> If a tax-preferred retirement account also holds an annuity, previous law required that the account be bifurcated between the portion of the account holding the annuity and the rest of the account for purposes of applying the RMD rules. This treatment may result in higher minimum distributions than would have been required if the account did not hold an annuity. The Treasury Secretary is to update the relevant regulations accordingly.</p>
<p>Clarification of substantially equal periodic payment rule (Section 323): Provides that the exception continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments or an annuity that satisfies the RMD rules.</p>	<p>Effective for transfers, rollovers, exchanges after Dec. 31, 2023 and effective for annuity distributions on or after the date of enactment.</p>	<p><i>Impacted plans:</i> Tax-preferred retirement accounts.</p> <p><i>Implementation pointers:</i> The previous law imposed a 10% additional tax on early distributions from tax-preferred retirement accounts, but an exception applied to substantially equal periodic payments that were made over the account owner's life expectancy. Section 323 clarifies that the exception continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments or an annuity that satisfies RMD rules.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>CATEGORY 5: PROVISIONS RELATED TO INDIVIDUAL SAVERS (FINANCIAL PLANNING, IRAS AND BEYOND). In addition to those provisions impacting individuals in a qualified plan, there are several provisions that affect savers in their financial planning decisions, including changes to Roth, catch-ups and RMDs.⁷</p>		
<p>Increased age for required beginning date (RBD) for mandatory distributions (Section 107): Increases the RBD (i.e., the date a participant has to start taking a distribution) for participants of qualified plans and IRAs from 72 to 73, then again to age 75.</p>	<p>Phased age increase for RBD: 73 years old starting on Jan. 1, 2023; increases to 75 years starting Jan. 1, 2033.</p>	<p><i>Implementation pointers:</i> For individuals who turned 72 in 2022 or earlier, they will need to continue taking RMDs as scheduled. For many people, this is not impactful because they will already be taking more than their RMD by age 72.</p>
<p>Reduction of missed RMD penalty (Section 302): Reduces the penalty for failure to take RMDs from 50 to 25% and if a failure to take a RMD from an IRA is corrected in a timely manner, the excise tax on the failure is further reduced from 25% to 10%.</p>	<p>Effective for taxable years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> IRAs subject to excise tax. <i>Implementation pointers:</i> Participants should promptly correct any failures to take required distributions despite the reduction in the penalty.</p>
<p>Indexing IRA catch-up limit (Section 108): Catch-up contribution for IRAs will now be indexed to inflation in intervals of \$100. This applies to those ages 50 and over.</p>	<p>Effective for taxable years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> IRAs. <i>Implementation pointers:</i> Keep in mind the other provisions related to catch-ups (see Sections 109 and 603).</p>
<p>Higher catch-up limit to apply at ages 60 - 63 (Section 109): For individuals who have reached 60, 61, 62, and 63, they are able to increase the amount of catch-up contributions to the plan to \$10,000 in 2025 (indexed to inflation). For SIMPLE Plans, the catch-up increases to the greater of \$5,000 or 50% more than regular catch-up amounts in 2025 (indexed to inflation).</p>	<p>Effective for taxable years beginning after Dec. 31, 2024.</p>	<p><i>Implementation pointers:</i> For this to apply, an individual would need to max out his/her regular contribution first, then make a catch-up contribution. There may need to be a technical correction, as the text of the legislation appears to have deleted the ability to make any catch-up contribution.</p>
<p>Elective deferrals generally limited to regular contribution limit (Section 603): Under current law, catch-up contributions to a qualified retirement plan can be made on a pre-tax or Roth basis (if permitted by the plan sponsor). Section 603 provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment except for employees with compensation of \$145,000 or less (indexed for inflation).</p>	<p>Effective for taxable years beginning after Dec. 31, 2023.</p>	<p><i>Implementation pointers:</i> This provision serves as a revenue raiser for SECURE 2.0. There may be additional guidance in the future about recharacterization. (See Section 604).</p>

⁷ This category also covers Section 333 of SECURE 2.0 which exempts the excess contribution and earnings allocable to the excess contribution from the 10 percent additional tax on early distributions.

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Optional treatment of employer matching or nonelective contributions as Roth contributions (Section 604): Allows qualified plans to provide participants with the option of receiving matching contributions as Roth.</p>	<p>Effective for contributions made after enactment.</p>	<p><i>Impacted plans:</i> 401(k), 403(b), and governmental 457(b).</p> <p><i>Implementation pointers:</i> Under previous law, plan sponsors were not permitted to provide employer-matching contributions in their 401(k), 403(b), and governmental 457(b) plans on a Roth basis. Matching contributions had to be made on a pre-tax basis only.</p>
<p>Modification of age requirement for qualified ABLÉ programs (Section 124): Distributions from an ABLÉ account are tax-free if used for qualified disability expenses of the account's designated beneficiary. Section 124 increases the age by which blindness or disability must occur for an individual to be an eligible individual.</p>	<p>Effective for taxable years beginning after Dec. 31, 2025.</p>	<p><i>Impacted plans:</i> Plans with ABLÉ accounts.</p> <p><i>Implementation pointers:</i> Distributions from an ABLÉ account are tax-free if used for qualified disability expenses of the account's designated beneficiary.</p>
<p>Special rules for certain distributions from long-term qualified tuition programs to Roth IRAs (Section 126): Amends the Internal Revenue Code to allow for tax-free and penalty-free rollovers from 529 accounts to Roth IRAs under certain conditions.</p> <p>Beneficiaries of 529 college savings accounts would be permitted to rollover up to \$35,000 over the course of their lifetime from any 529 account in their name to their Roth IRA. These rollovers are also subject to Roth IRA annual contribution limits; the 529 account must have been open for more than 15 years.</p>	<p>Effective for distributions after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> Plans with qualifying 529 beneficiaries.</p> <p><i>Implementation pointers:</i> Families and students have concerns about leftover funds being trapped in 529 accounts unless they take a non-qualified withdrawal and assume a penalty. This has led to reluctance to fund 529s to levels needed to pay for the rising costs of education. Section 126 eliminates this concern by providing families and students with the option to avoid the penalty, hopefully resulting in families putting more into their 529 account.</p>
<p>Tax treatment of IRA involved in a prohibited transaction (Section 322): When an individual engages in a prohibited transaction with respect to their IRA, the IRA is disqualified and treated as distributed to the individual, irrespective of the size of the prohibited transaction. Section 322 clarifies that if an individual has multiple IRAs, only the IRA with respect to which the prohibited transaction occurred will be disqualified.</p>	<p>Effective for taxable years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> IRAs.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Treasury guidance on rollovers (Section 324): Requires the Treasury Secretary to simplify and standardize the rollover process by issuing sample forms for direct rollovers that may be used by both the incoming and outgoing retirement plan or IRA.</p>	<p>Development and release of the sample forms must be completed no later than Jan. 1, 2025.</p>	<p><i>Impacted plans:</i> IRAs. <i>Implementation pointers:</i> Stay tuned.</p>
<p>Roth plan distribution rules (Section 325): Eliminates the pre-death distribution requirement for Roth accounts in employer plans.</p>	<p>Effective for taxable years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> Roth accounts. <i>Implementation pointers:</i> Under the old law, RMDs are not required to begin prior to the death of the owner of a Roth IRA. However, pre-death distributions are required in the case of the owner of a Roth-designated account in an employer retirement plan (e.g., 401(k) plan). Section 325 eliminates the pre-death distribution requirement.</p>
<p>Modification of RMD rules for special needs trust (Section 337): The SECURE Act placed limits on the ability of beneficiaries of qualified plans and IRAs to receive lifetime distributions after the account owner's death. Special rules apply in the case of certain beneficiaries, such as those with a disability.</p> <p>Section 337 clarifies that, in the case of a special needs trust established for a beneficiary with a disability, the trust may provide for a charitable organization as the remainder beneficiary.</p>	<p>Effective for calendar years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> Qualified plans and IRAs that have a beneficiary with a disability. <i>Implementation pointers:</i> This is a clarification to the SECURE Act of 2019.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>CATEGORY 6: MISCELLANEOUS PROVISIONS. This final category of provisions is the “catch all” for provisions that are uniquely specific to a particular group of individuals (e.g., firefighters) or plan type. There are some provisions that are noted at the end of this section, as they are beyond the scope of this guide and its key provisions for plan sponsors.</p>		
<p>Application of section 415 limit for certain employees of rural electric cooperatives (Section 119): Eliminates the compensation-based limit in IRC section 415 for employees who are participants in eligible rural electric cooperative plans.</p>	<p>Effective for limitation years ending after the date of enactment.</p>	<p><i>Impacted plans:</i> Rural electric cooperative retirement plans. <i>Implementation pointers:</i> Limited to non-highly compensated employees.</p>
<p>Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S-corporation (Section 114): Expands the gain deferral provisions of IRC section 1042 with a 10% limit on the deferral to sales of employer stock to S-corporation ESOPs.</p>	<p>Effective for stock sales after Dec. 31, 2027.</p>	<p><i>Impacted plans:</i> Employee Stock Ownership Plans (ESOPs) <i>Implementation pointers:</i> Only previously applied to C-corporations and will now extend to S-corporations.</p>
<p>Certain securities treated as publicly traded in case of employee stock ownership plans (Section 123): Allows certain non-exchange traded securities to qualify as “publicly traded employer securities” so long as the security is subject to priced quotations by at least four dealers on a Securities and Exchange Commission-regulated interdealer quotation system, is not a penny stock and is not issued by a shell company and has a public float of at least 10% of outstanding shares. For securities issued by domestic corporations, the issuer must publish annual audited financial statements.</p>	<p>Effective for plan years beginning after Dec. 31, 2027.</p>	<p><i>Impacted plans:</i> ESOPs. <i>Implementation pointers:</i> This provision is designed to expand companies’ ability to offer ESOPs to their U.S. employees. This expansion is subject to certain conditions.</p>
<p>Amendments relating to Setting Every Community Up for Retirement Enhancement Act of 2019 (Section 401): Section 401 includes three technical and five clerical amendments to the SECURE Act.</p>	<p>These amendments are effective as if included in the section of the SECURE Act to which the amendment relates.</p>	<p><i>Implementation pointers:</i> Legislation such as SECURE Act of 2019, CARES Act and SECURE 2.0 is complex and generally requires technical amendments for things that are later caught when the details of the legislation are put into action.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>SIMPLE and SEP Roth IRAs (Section 601): Generally, all plans that allow pre-tax employee contributions are permitted to accept Roth contributions with one exception – SIMPLE IRAs. 401(k), 403(b), and governmental 457(b) plans are allowed to accept Roth employee contributions.</p> <p>SECURE 2.0 allows SIMPLE IRAs to accept Roth contributions too. In addition, aside from grandfathered salaried reduction-simplified employee pension plans, under current law, simplified employee pension plans (SEPs) can only accept employer money and not on a Roth basis. Section 601 allows employers to offer employees the ability to treat employee and employer SEP contributions as Roth (in whole or in part).</p>	<p>Effective for taxable years beginning after Dec. 31, 2022.</p>	<p><i>Impacted plans:</i> SIMPLE and SEP Roth IRAs.</p> <p><i>Implementation pointers:</i> Harmonizes SEP and SIMPLE plans with 401(k), 403(b), and 457(b).</p>
<p>Hardship withdrawal rules for 403(b) plans (Section 602): Under current law, the distribution rules for 401(k) and 403(b) are different. For example, for 401(k) plans, all amounts are available for a hardship distribution. For 403(b) plans, in some cases, only employee contributions (without earnings) were available for hardship distributions.</p> <p>Section 602 conforms the 403(b) rules to the 401(k) rules as it relates to hardship distributions.</p>	<p>Effective for plan years beginning after Dec. 31, 2023.</p>	<p><i>Impacted plans:</i> 403(b) plans.</p> <p><i>Implementation pointers:</i> Plan sponsors still have the option to add hardship distributions to their plan.</p>
<p>Enhancing retiree health benefits in pension plans (Section 606): Under current law, an employer may use assets from an overfunded pension plan to pay retiree health and life insurance benefits. These rules were due to sunset at the end of 2025. Section 606 extends the sunset date to the end of 2032 and would permit transfers to pay retiree health and life insurance benefits provided certain conditions are met.</p>	<p>Section 606 is effective for transfers made on or after the date of enactment</p>	<p><i>Impacted plans:</i> Overfunded pension plans.</p> <p><i>Implementation pointers:</i> The transfer is no more than 1.75% of plan assets and the plan is at least 110% funded.</p>
<p>Enhancement of 403(b) plans (Section 128): Amends the Code to explicitly allow 403(b) plans with custodial accounts to invest in collective investment trusts. However, the legislation does not address the securities law issues that prohibit such investments in most cases.</p>	<p>Effective for amounts invested after date of enactment.</p>	<p><i>Impacted plans:</i> 403(b) plans.</p> <p><i>Implementation pointers:</i> The legislation does not address the securities law issues that prohibit such investments in most cases.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Eliminate the “first day of the month” requirement for governmental section 457(b) plans (Section 306): Under current law, participants in a governmental 457(b) plan must request changes in their deferral rate prior to the beginning of the month in which the deferral will be made.</p> <p>Section 306 allows such elections to be made at any time prior to the date that the compensation being deferred is available.</p>	<p>Effective for taxable years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> 457(b) plans.</p> <p><i>Implementation pointers:</i> The former rule did not exist for other defined contribution plans, thus this change harmonizes the framework for 457(b) plans.</p>
<p>Distribution to firefighters (Section 308): Under current law, if an employee terminates employment after age 55 and takes a distribution from a retirement plan, the 10% early distribution tax does not apply. However, there is a special rule for “qualified public safety employees” in governmental plans, under which age 50 is substituted for age 55 for purposes of this exception from the 10% tax. Section 308 extends the age 50 rule to private sector firefighters, who merit the same treatment for distributions.</p>	<p>Effective for distributions made after the date of enactment.</p>	<p><i>Impacted plans:</i> Plans with private sector firefighters..</p> <p><i>Implementation pointers:</i> This exemption formerly applied to only public sector firefighters, but not private sector firefighters.</p>
<p>Exclusion of certain disability-related first responder treatment payments (Section 309): Permits first responders to exclude service-connected disability pension payments from gross income after reaching retirement age.</p>	<p>Effective for amounts received in taxable years beginning after Dec. 31, 2026.</p>	<p><i>Impacted plans:</i> 401(a), 403(a), governmental 457(b), or 403(b) plan.</p> <p><i>Implementation pointers:</i> For first responders, excludes service-connected, disability pension payments (from a 401(a), 403(a), governmental 457(b), or 403(b) plan) from gross income. The exclusion is available up to an annualized excludable disability amount after reaching retirement age.</p>
<p>Modification of eligible age for exemption from early withdrawal penalty (Section 329): The 10% additional tax on early distributions from tax-preferred retirement savings plans does not apply to a distribution from a governmental plan to a public safety officer who is at least age 50. Section 329 extends the exception to public safety officers with at least 25 years of service.</p>	<p>Effective for distributions made after the date of enactment.</p>	<p><i>Impacted plans:</i> Plans with public safety officer participants.</p> <p><i>Implementation pointers:</i> Allows public safety officers under age 50 to avoid excise tax, provided such officers have reached 25 years of service.</p>

PROVISION + SECTION	TIMING	IMPACTED PLANS + IMPLEMENTATION POINTERS
<p>Exemption from early withdrawal penalty for certain State and local government corrections employees (Section 330): Extends the public safety officer exception to the 10% early-distribution tax to corrections officers who are employees of state and local governments.</p>	<p>Effective for distributions made after the date of enactment.</p>	<p><i>Impacted plans:</i> Plans with corrections officers who are employees of state and local governments.</p> <p><i>Implementation pointers:</i> Expands the definition of qualified public safety employee to include certain corrections officers and forensic security employees, thus making them eligible for the age 50 exception to the 10% early withdrawal penalty.</p>
<p>Cash balance (Section 348): Clarifies the application of the IRC and ERISA's rules, prohibiting the backloading of benefit accruals, as they relate to hybrid plans which credit variable interest. Specifically, Section 348 clarifies that, for purposes of the applicable Code and ERISA rules, the interest crediting rate that is treated as in-effect and as the projected interest crediting rate is a reasonable projection of such variable interest rate, subject to a maximum of 6%.</p>	<p>Effective for plan years beginning after the date of enactment.</p>	<p><i>Impacted plans:</i> Cash balance and other "hybrid" plans.</p> <p><i>Implementation pointers:</i> This clarification will allow plan sponsors to provide larger pay credits for older, longer service workers.</p>

Other provisions of SECURE 2.0 not covered in this guide include:

- ▶ Section 122: Assist states in locating owners of applicable savings bonds.
- ▶ Section 328: Repeal of direct payment requirement on exclusion from gross income of distributions from governmental plans for health and long-term care insurance.
- ▶ Section 349: Termination of variable rate premium indexing.
- ▶ Section 339: Recognition of tribal government domestic relations orders.
- ▶ Section 605: Charitable conservation easements.
- ▶ Section 701: Provisions relating to judges of the Tax Court.
- ▶ Section 702: Provisions relating to special trial judges of the Tax Court.

For many provisions, the effective date is the date of enactment, but for other provisions, the effective date is years out, providing plan sponsors and advisors some lead time to adjust to the new law. The lead time for these provisions will also allow the DOL and IRS time to issue regulatory guidance, as well as the opportunity for Congress to issue technical corrections, where necessary. Endeavor Retirement is here to help navigate these complex matters and assist in achieving compliance, as well as operational efficiencies.

The information contained herein is provided for educational purposes only. Endeavor Retirement is not a law firm and does not provide legal, tax, nor investment advice. Readers are encouraged to always consult with a lawyer, tax, or investment professional to gain the most up-to-date information and guidance on the matters discussed herein.