

## The Road Through SECURE 2.0

As your trusted Third Party Administrator, we are proud to say we hit the ground running on December 29, 2022 with the release of SECURE Act 2.0 -thoroughly reviewing the provisions, modifying systems, updating documentation, and “rolling with the punches” as legislative clarifications are continually released. While the IRS and Department of Labor (DOL) are expected to issue further guidance on many SECURE 2.0 provisions, we have already taken action to assist in the administration and application of many of those which are available.

Given the rolling effective dates of the provisions and the many system reconfigurations they required, not all provisions or features were available immediately. The below provides a consolidated recap and status update of the major provisions included in SECURE 2.0.



**Please note:** Certain provisions require a plan document amendment. The interim SECURE 2.0 amendment is not currently available. Plan Consultants are tracking requests for available provisions and will include these in the interim amendments once available. Most plans have an extended deadline of December 31, 2026. Interim amendments are expected to be provided prior to this date. This deadline will be inclusive of the SECURE, SECURE 2.0, CARES, Miners, and the 2020 Disaster Tax Relief Acts.

Status	Provision	Effective Date	Mandatory Y/N	Key Details	Plan Sponsor Action Required to Adopt	The TPA Experts Default
Available now	Application of credit for small employer pension plan start-up costs to employers which join an existing plan (§111)	12/31/2022	No	Effective after 12/31/2022 and retroactive to taxable years starting after 12/31/ 2019, two tax credits were introduced for Administrative Contribution Cost.	<b>None.</b> To take advantage of available tax credits work with your tax filing professional.	N/A
Available now	Changes to Form 5500 employee counts	Plan years beginning on or after 1/1/2023	Yes	Under the previous guidance, your plan was generally required to undergo an audit if you had at least 100 plan participants as of the beginning of the plan year. This included all eligible plan participants regardless of whether they had an account balance in the plan.  Starting with plan years beginning on or after 1/1/2023 (Form 5500 filed in 2024), only those participants with an account balance at the beginning of the plan year count toward the 100-participant threshold.	<b>None.</b> We have automatically adjusted our systems to comply with this participant count method for the 2023 filing year. Additionally, we have identified and reached out to any plan that no longer requires an audit due to the new rules.	N/A
Available now	Treatment of Student Loan payments as Elective Deferrals for purposes of Matching Contributions; Qualified Student Loan Payment (QSLP) (§110)	Plan years beginning on or after 1/1/2023	No	Designed to assist employees who may not be able to save for retirement because they are overwhelmed by repayment of student loan debt by permitting an employer to make matching contributions to sponsored retirement plans with respect to qualified student loan payments (QSLPs) within a 401(k) plan, 403(b) plan, or SIMPLE IRA.  The match must be the same as that related to the deferrals, however, vesting schedules can differ. Employees would then receive matching contributions by repaying their student loans.  A QSLP is broadly defined as any indebtedness incurred by the employee solely to pay qualified higher education expenses of the employee, their spouse, or any dependent.  Governmental employers are also permitted to make matching contributions in a §457(b) plan or another plan with respect to such repayments. For purposes of the nondiscrimination test applicable to elective contributions, §110 permits a plan to test separately the employees who receive matching contributions on student loan repayments.	<b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.  For any employer that would like a vendor to assist with the qualification and tracking of the student loan payments, we have begun conversations with SavvyFi. To receive more information on this, please contact your designated service representative or Relationship Manager.	No

Status	Provision	Effective Date	Mandatory Y/N	Key Details	Plan Sponsor Action Required to Adopt	The TPA Experts Default
Available now	Mandatory Automatic Contribution Arrangement (ACA) for Start-up plans (§101)	New 401(k) and 403(b) plans effective 12/29/2022 or later	Yes, for plans executed after 12/29/22	For any new 401(k) and 403(b) plans (with limited exceptions) effective 12/29/2022 or later, the plan sponsor must automatically enroll eligible participants at specific deferral rates with auto-escalation.  The legislation affords the plan sponsor a window to prepare for this to take effect but must not exceed 1/1/2025 to effectively enter the participant into the plan.	All start-up plans will include these provisions as part of initial set up. Any new plan effective after 12/29/2022 has been reviewed to ensure compliance by 1/1/2025.  Exclusions to this rule include any plan that has less than 10 employees, Government plans, Church plans, or a company that has been in existence for less than 3 years at the time of the plan's establishment. It is the responsibility of the employer to track the employee counts or time frame after company creation if ACA is not adopted at the time of the plan's creation.	N/A
Available now	Long-Term Part-Time Employees (LTPT) (§125)	Plan years beginning on or after 1/1/2024 and 1/1/2025	Yes	This legislation expands the ability for retirement savings opportunity to long-term part-time employees.  An employee will now be considered eligible to enter their employer sponsored plan once they have worked at least 500 hours per year for 3 years (SECURE – effective 2024) or at least 500 hours per year for 2 years (SECURE 2.0 - effective 2025). These employees are considered long-term part-time employees.  Sponsor can require LTPT employees to satisfy the minimum age requirement (21) to be eligible to participate in the plan.  Applies to 403(b) plans subject to ERISA effective 1/1/2025	Plan sponsors must monitor part-time employee hours and provide information regarding their ability to contribute to the plan upon meeting requirements.	N/A
Available now	Top Heavy Minimum Requirements for otherwise excludable employees (§310)	Plan years beginning on or after 1/1/2024	Yes	Permits top-heavy plans to exclude employees who have not yet met the statutory minimum age and service eligibility requirements from receiving a top-heavy minimum contribution.	<b>None.</b> Systems have been updated to accommodate this change.	N/A
Available now (through in-plan Roth conversion only)	Roth Employer Contributions (§604)	1/1/2023	No	Optional provision that permits defined contribution plans to allow participants to elect to receive matching or non-elective contributions on a Roth basis.  These contributions must be 100% vested and non-forfeitable.  Designated Roth employer contributions will be reported in the same manner as if the contribution were directly rolled over to a designated Roth account (they are reported using IRS Form 1099-R (code G) and not the Form W-2).	<b>The plan must allow for Roth contributions.</b>  <b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.  Additionally, if employer contributions are made per payroll, the plan sponsor must contact their payroll provider to ensure they can accommodate. Payroll templates will need to be updated. Contact your service representative for assistance.	No
Available now	Disaster Relief Distributions (§331)	Effective for disasters occurring on or after 1/26/2021	No	Provides automatic disaster relief rules for distributions from retirement plan accounts in cases of qualified federally declared disasters.  Maximum distribution up to \$22,000. Can take up to 180 days starting on later date of disaster or enactment. Distributable event. Spread taxes over three years. No early distribution penalty. Can repay - processed back in as a rollover in.	<b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.	No

Status	Provision	Effective Date	Mandatory Y/N	Key Details	Plan Sponsor Action Required to Adopt	The TPA Experts Default
Available now	Hardship distributions with or without Self-Certification (§312)	Plan years beginning after 12/29/2022	Yes	This optional provision permits employees to self-certify that they experienced an event that constitutes a hardship for purposes of taking a withdrawal.	<b>None.</b> Plans that allow for hardships will be updated to include the Secure 2.0 interim amendment once it is available.	Yes
Available now	Emergency Personal Expense Distribution (§115)	1/1/2024	No	<p>Optional provision that allows a participant to withdraw up to \$1,000 (or, if less, the amount of the participant's vested account balance in excess of \$1,000) for an emergency personal expense.</p> <p>An Emergency Personal Expense Distribution is any distribution from a DC retirement plan to an individual to meet an unforeseeable or immediate financial need relating to a necessary personal or family expense.</p> <p>Plan Administrators may rely on a participant's written certification that they satisfy the conditions for an emergency personal expense distribution. Withholding for federal taxes on the emergency distributions is set at the 10% non-periodic rate (unless the participant elects otherwise by submitting form W4R).</p>	<b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.	No
Available now	Eligible distributions for Domestic Abuse Victims (§314)	1/1/2024	No	<p>Optional provision that allows survivors of domestic abuse to take a withdrawal from qualified retirement plans without the 10% early withdrawal penalty tax.</p> <p>To qualify for the penalty relief, an eligible distribution must be made during the one-year period beginning on a date on which the individual is a victim of domestic abuse by a spouse or domestic partner.</p> <p>The maximum aggregate amount eligible for withdrawal under the SAFER Act is the lesser of \$10,000 (inflation-adjusted) or 50% of the value of the participant's vested account balance.</p> <p>Self-certification by the participant may be relied upon by the plan administrator. Documentation is not required. Any portion of an eligible distribution under the SAFER Act may generally be recontributed to a retirement plan within three years.</p>	<b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.	No
Available now	Exceptions to the 10% Penalty on Early Distributions for Individuals with a Terminal Illness (§326)	12/29/2022	No	<p>Optional provision that allows a terminally ill individual to take an in-service distribution that qualifies for a waiver of the 10% early withdrawal tax and may be paid back to a retirement plan.</p> <p>A "terminally ill individual" is defined as someone who has been certified by a physician as having an illness or physical condition reasonably expected to result in death within 84 months.</p> <p>Distributions may be recontributed to the plan within three years.</p>	<b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.	No
Available now	Updating dollar limit for Mandatory (force-out) Distributions (§304)	1/1/2024	No	Increases the involuntary cash-out limit for small benefits under the automatic rollover provisions from \$5,000 to \$7,000	<b>None.</b> Systems and reporting have been updated to adhere to the new threshold. Unless otherwise directed, the force-out limit has been increased to \$7,000.	Yes

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Available now	Required Minimum Distribution (RMD) age increase (\$107) and exclusion of Roth (\$325)	1/1/2024	Yes	The RMD age has been increased to 73. Secure 2.0 updated the RMD calculations as well. Effective January 2024, designated Roth balances will no longer be included in the calculation or distribution of RMDs. <b>Note:</b> Distributions from Roth accounts do not satisfy RMD distribution requirements.	<b>None.</b> Systems and reporting have been updated to exclude Roth balances from the calculation and distribution of RMDs.	N/A
Available now	RMD Surviving Spouse Election to be treated as employee (\$327)	1/1/2024	No	Permits a surviving spouse who is the sole beneficiary of a deceased employee to irrevocably elect to be treated as the employee. If the surviving spouse does so, the date RMDs are required to begin will not be earlier than the date on which the employee would have attained the applicable RMD age, and if the surviving spouse dies before distributions to the surviving spouse begin, the rules will be applied as if the surviving spouse was the employee.	<b>None.</b> Ability to elect to be treated as the employee is available upon beneficiary election.	N/A
Not yet available: Under review	Auto portability (\$120)	12/31/2024	No	Allows a retirement plan service provider to provide employer plans with automatic portability services for former participant account balances.	<b>Not currently available to elect.</b> Monitoring of this provision for additional information continues to be a priority for management.	No
Not yet available: Under review	Retirement Lost and Found (\$303)	12/29/2024	N/A	A new national DOL online searchable database will be created to locate retirement accounts.	<b>Not currently available to elect.</b> Monitoring of this provision for additional information continues to be a priority for management.	N/A
Not yet available: Under review	Increase Catch-up limit (\$109)	1/1/2025	No	Increases the catch-up contribution limit to the greater of \$10,000 or 150% of the regular catch-up contribution limit for individuals age 60 to 63.	Future effective date (2025). <b>No sponsor action required.</b> All system limits, communications, and compliance review to incorporate will be implemented automatically to comply with the effective date.	Yes
Not yet available: Future effective date	Long-term Care Contracts purchased with Retirement Plan Distributions (\$334)	12/29/2025	No	Permits retirement plans to distribute a certain amount per year for long-term care insurance contracts. On an annual basis, the plan can distribute the lesser of: -the amount paid by or assessed to employee for long-term care insurance, or -10% of vested accrued benefit, or -\$2,500 (indexed).	Future effective date (2025). <b>Plan amendment required.</b> Contact your Plan Consultant to include in the SECURE 2.0 interim amendment once it is available.	No
Not yet available: Future effective date	Roth Catch-up (\$603)	1/1/2026	Yes	Requires that all catch-up contributions to retirement plans are made on a Roth basis, with an exception for employees with previous calendar year compensation of \$145,000 or less (indexed).	Future effective date (2026) pending further guidance from the IRS. <b>No sponsor action required unless plan does not already allow Roth contributions.</b>  All system limits, communications, and compliance review to incorporate will be implemented automatically to comply with the future effective date.	N/A
Not yet available: Future effective date	Saver's Match (\$103)	1/1/2027	No	Designed to help low-to-moderate income workers save more for retirement through a Treasury matching program. To qualify for the match, employees must be 18 years or older and make up to \$41,000 but not more than \$71,000. The Treasury would match 50% of their retirement plan contribution up to \$2,000.	<b>Not currently available to elect.</b> Provision has a future effective date and we are awaiting further guidance expected from the IRS.	No
Not offering at this time	Pension-Linked Emergency Savings Account (PLESA) (\$127)	Plan years beginning on or after 1/1/2024	No	Permits an employer to offer pension-linked "emergency savings accounts" as part of an individual account plan to non-highly compensated employees; account is subject to contribution and withdrawal limits.	We are not planning to offer this optional provision at this time.	No