

SECURE ACT 2.0

Information for Existing Plan Sponsors

Elimination of Notices and Disclosures

Certain disclosures, notices, and plan documents would not have to be provided to unenrolled employees if they are given an annual reminder of their eligibility with election deadlines and any document they request to which they are entitled to receive otherwise. They must be given a summary plan description. Effective plan years after December 31, 2022.

SIMPLE to Safe Harbor

Employers can replace an existing SIMPLE IRA Plan with a SIMPLE 401(k) or other 401(k) Plan with required employer contributions during the plan year. Effective plan years after December 31, 2023.

Hardship Withdrawals

Administrators may rely on employee certifications of hardship requirements. Effective plan years after enactment of Act. 403(b) hardship rules changed to mirror 401(k) rules. Effective plan years after December 31, 2023.

Increasing Cash-Out Limit

Increases the small account balance cash-out ceiling from \$5,000 to \$7,000. Effective for distributions after December 31, 2023.

Catch-Up Contribution Change

Requires catch-up contributions for incomes over \$145k to be made as Roth effective for plan years after December 31, 2025

Matching Contributions for Student Loan Repayments (optional)

Employers may choose to amend their Plans to allow them to make matching contributions into their qualified retirement plans [401(k), 403(b), SIMPLE IRA] for employee repayments made on qualified student loans for higher education. Governmental employers also permitted to do so in 457(b) or another plan with respect to such repayment. For nondiscrimination testing purposes the plan may test separately employees who receive matching contributions on loan repayments. Effective plan years after December 31, 2023.

Emergency Savings Accounts (optional)

Employers may choose to amend their plans to offer their non-HCEs emergency savings accounts that link to their retirement plans. Contributions (including employer matching) to these accounts are capped at \$2500. Once the cap is reached, additional contributions are re-directed to the employee's Roth (if they have one) or stopped until the balance dips below the maximum. Contributions receive Roth tax treatment and are included in determining matching contributions. No fees or penalties can be charged to the first four distributions from the account. Portable at separation from service or can be rolled into a Roth plan or IRA. Effective plan years after December 31, 2023.

Opportunity for Employer-Contributed Roth Benefits (optional)

Allows Plan Sponsors to amend their Plans so Participants can elect to accept employer matching contributions as Roth starting January 1, 2024.

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Long-Term Part-Time Eligibility Accelerated

Changes eligibility from 3 consecutive years of 500 hours worked to two consecutive years. Also extends the long-term part-time coverage rules to 403(b) plans that are subject to ERISA. Effective plan years after December 31, 2023.

Benefit Statements

For defined contribution plans, only one benefit statement annually must be provided on paper. The other three quarterly statements may be provided electronically unless the participant elects otherwise. Effective plan years after December 31, 2025. For defined benefit plans, the statement provided every 3 years must be on paper unless the participant elects otherwise.

Savers Credit Enhancement

The credit is changed from a cash payment (in the form of a tax refund) to a federal matching contribution (50% up to \$2,000) that must be deposited into a taxpayer's IRA/retirement plan. The match is phased out. It is subject to inflation adjustments on an annual basis, making them more attractive. Effective for taxable years after December 31, 2026.

Lost and Found

DOL directed to create a national online lost and found database for retirement plans. Database to be created no later than 2 years after the date of enactment of the Act. For Plan years after December 31, 2023

Small Financial Incentives for Participation

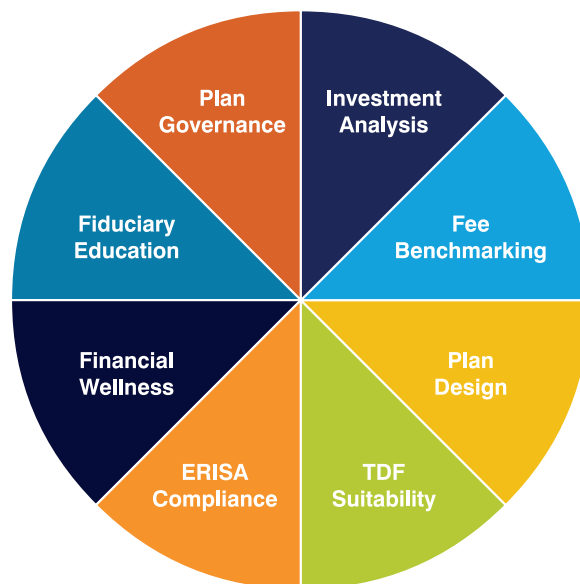
Plan sponsors may provide small incentives (like gift cards) to employees to encourage plan participation. Effective after enactment of Act. Effective December 29, 2022

How We Can Help

Employee benefits are a key part of attracting and retaining employees. We create distinctive retirement plans that deliver value and results to both Plan Sponsors and their Plan Participants. Our services include:

- ⌕ Comprehensive retirement plan consulting and services
- ⌕ Committee education modules and fiduciary advice
- ⌕ Plan benchmarking
- ⌕ Advisor managed accounts
- ⌕ Financial wellness education

The information provided here is for general informational purposes only and should not be considered professional tax advice. Tax laws and regulations are subject to change, and interpretations can vary based on individual circumstances. It is essential to consult a certified tax consultant or a qualified tax professional to obtain personalized advice tailored to your specific tax or financial situation. Reliance on any information provided without consulting a tax professional is at your own risk.



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*As of 05/31/2025

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