



IRS Issues LTPT Employee Guidance for 403(b) Plans

On October 3, 2024, the Internal Revenue Service (IRS) issued [Notice 2024-73](#). This guidance addresses the interaction of existing 403(b) eligibility rules with the new long-term part-time (LTPT) employee provisions of the SECURE 2.0 Act.

Notice 2024-73 addresses some important outstanding questions on this issue in the form of a user-friendly Q&A. It includes the following:

1. Student employees can continue to be excluded from 403(b) plans under the existing universal availability rules, even if they qualify as LTPT employees (i.e., they have worked at the company for at least two consecutive years, during which they completed at least 500 hours of service per year).
2. 403(b) plans that are not subject to the Employee Retirement Income Security Act (ERISA), such as governmental and non-electing church plans, are not subject to the LTPT rules.
3. The new LTPT provision does not replace the existing 403(b) universal availability exclusion for employees who normally work fewer than 20 hours per week. The IRS has made it clear that plans can continue to exclude employees who do not qualify as LTPT employees under ERISA from making elective deferrals

This guidance is timely, since the LTPT rules that the SECURE 2.0 Act provides are effective for 403(b) plans beginning with the 2025 plan year.

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