



IRS Releases Guidance on SECURE 2.0 Provisions

The good news is that the 81-page notice does not appear to require much immediate action from plan sponsors before the end of 2023. However, the notice does provide important clarification on a few significant SECURE 2.0 provisions, including the optional treatment of employer contributions as Roth (section 604). On this subject, the notice devotes substantial attention to addressing key implementation issues, including eligibility and vesting requirements and how employer Roth contributions will be taxed. This is significant, especially considering section 604 has already become effective.

The notice also addresses section 113, another already effective provision, which allows small financial incentives for eligible employees who are not yet participating in a plan. The notice defines *a de minimis financial incentive* as \$250. This means any amount above the \$250 threshold will not be permitted.

Some other provisions that the notice addresses are:

- Expanding automatic enrollment in retirement plans (section 101)
- Modification of credit for small employer pension plan startup costs (section 102)
- Contribution limit for plans labeled as savings incentive match plans for employees (SIMPLE) (section 117)
- Provisions related to plan amendments (section 501)

Plan sponsors potentially affected by these provisions may wish to review these sections of Notice 2024-2 more closely.

The Treasury Department and IRS continue to analyze the various provisions of SECURE 2.0 and anticipate issuing further guidance, including regulations, as appropriate. Comments on specific issues outlined in the notice are due by February 20, 2024. We will continue to review the various provisions and related IRS guidance.



Plan sponsors that have questions about this or other SECURE 2.0 provisions should reach out to their financial advisor or visit CAPTRUST's dedicated [SECURE 2.0 Act webpage](#). The complete IRS notice is available [here](#).

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