



SECURE ACT 2.0

KEY PROVISIONS FOR EXISTING 401(K) PLANS

RETROACTIVELY EFFECTIVE



Use of retirement funds for federally declared disasters (§331)

Applies to disasters occurring on or after January 26, 2021: \$22,000 may be withdrawn without penalty from retirement plans for affected individuals. Distributions may be repaid. Increases the maximum loan amount for qualified individuals to \$100k and extends the repayment period.



Increase in RMD age (§107)

Increases required minimum distribution (RMD) age to 73 effective January 1, 2023.



Hardship withdrawals self-certification (§312)

Allows employers to accept written certification from employees that their need constitutes a deemed hardship.



Small financial incentives for contributing to a plan (§113)

Allows employers to provide small financial incentives (e.g., low-dollar gift cards) to boost plan participation. Payment for the incentives is not allowed to come from plan assets.



Expand Employee Plans Compliance Resolution System (§305)

Expands the Employee Plans Compliance Resolution System (EPCRS) to allow for more plan errors to be corrected via self-correction.

EFFECTIVE 2023



Penalty exception for terminal illnesses (§326)

Eliminates the 10% early withdrawal penalty for individuals with a physician-certified terminal illness.



Eliminate unnecessary plan notice requirements for unenrolled participants (§320)

Reduces the plan sponsor burden of providing notice requirements to unenrolled participants to one annual eligibility notice.



Optional treatment of employer contributions as Roth (§604)

Allows defined contribution plans to provide participants with the option to receive employer matching or non-elective contributions as Roth.



Items with a yellow outline are mandatory.



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EFFECTIVE 2024



Withdrawals for certain emergency expenses (§115)

Individuals may withdraw \$1,000 per year with self-certification. No additional distributions for three calendar years unless repayment occurs or elective deferrals since the distribution equal/exceed the amount of the distribution.



Student loan payments as elective deferrals for purposes of matching contributions (§110)

Employees repaying student loans can receive their retirement match contributions from employers. Employee must make qualified student loan payments and can self-certify.



Dollar limit for mandatory distributions (§304)

Employers may transfer former employees' retirement accounts with balances up to \$7,000 to IRAs, with notice requirements. Amounts less than \$1,000 can be distributed via check.



Exemption for certain automatic portability transactions (§120)*

Permits service providers to provide automatic portability services, which allows for the automatic rollover of an employee's former plan to a new one.



Penalty-free withdrawal for domestic abuse (§314)

Allows retirement plans to permit participants who self-certify they are experiencing domestic abuse to withdraw money penalty-free.



Surviving spouse election to be treated as employee (§327)

Allows the surviving spouse to be treated as the deceased employee for purposes of RMD rules.



Roth plan distribution rules (§325)

Eliminates the pre-death RMD requirement for Roth accounts in employer plans.



Pension-linked emergency savings (§127)

Employers may automatically enroll participants into an emergency savings account at up to 3% of salary for a total contribution amount of \$2,500. Participating employees may take tax- and penalty-free distributions at least once per calendar month.

EFFECTIVE 2025



Higher catch-up limit for ages 60 to 63 (§109)

Increases the limits to the greater of \$10,000 or 50% more than the regular indexed catch-up amount for ages 60, 61, 62, and 63.



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*Effective 12.29.2023



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EFFECTIVE 2025



Retirement savings lost and found (§303)*
Creates a national database to search for lost participant funds that will be run by the DOL.



Coverage for long-term part-time workers (LTPT) (§125)
Provides that employees who work two consecutive years at 500 hours a year or more must be allowed to participate in the plan. Pre-2021 service may be disregarded for vesting purposes. Amends SECURE Act of 2019 LTPT provision.

EFFECTIVE 2026



Changes to catch-up source (§603)**
Requires catch-up contributions to be made as Roth-only, with an exception for those who make \$145,000 or less (dollar amount is indexed).



Requirement to provide paper statement in some cases (§338)
Requires plan sponsors of defined contribution plans to provide a paper benefit statement at least annually (unless the participant elects otherwise). Other statements may be provided electronically.

EFFECTIVE 2027



Savers' Match (§103)
Taxpayers with qualified retirement contributions who meet certain gross income requirements are eligible to receive a government matching contribution of up to \$2,000 to an eligible IRA or retirement plan. Matching amounts do not count toward annual plan contribution limits.

EFFECTIVE 2033



Increase in RMD age (§107)
Increases RMD age to 75.



Items with a yellow outline are mandatory.
*Creation of database must be no later than 12.29.2024.
**Updated as of 8.25.23.