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Quarterly Fiduciary Training: Secure 2.0 The Encore (Webinar Recording)

Lisa Caito: Afternoon, everyone, and welcome. My name is Lisa Caito. I'm the director of retirement plan consulting here at CAPTRUST and your host today. It's hard to believe Secure 2.0 has been part of our conversation for a few years now, yet plan sponsors still have plenty to manage. Some provisions are already in effect, others are still to come. Meanwhile, plan sponsors are continuing to make decisions on optional provisions, keeping their operations compliant, and ensure every election is reflected in their plan documents.

Now, to help us make sense of where things stand and what we should be preparing for, I'm excited to welcome Jenny Kiffmeyer. She is the Chief Operating Officer of the Retirement Learning Center and a nationally recognized retirement industry expert with more than thirty years of experience in ERISA retirement plans and professional education.

As a JD specializing in ERISA law, Jenny is an accomplished author, educator, and speaker who has been developing retirement industry certification programs and educational resources for financial professionals. Jenny's going to walk through the key provisions today, the amendment process and the deadlines, as well as what we need to think about as we implement and what might be coming next from the IRS and DOL.

Jenny, thanks so much for being here today, and I'll turn it over to you

Jennifer Kiffmeyer: Thank you. Very happy to be here. And even though it is to say that dirty word, Secure Act 2.0 I'm sure we are all secured to death. However it is the gift that keeps on giving. We have received additional follow-up information and new guidance, et cetera.

So there are some new things to talk about with Secure 2.0. Moving on to the next slide, please

Today we're going to cover some of the new and pending SECURE Act two point O provisions. We want to make sure you walk away with an understanding of the amendment process and the amendment deadline because all retirement plans will need to be amended for SECURE two point O, as well as related legislative changes.

So we know that SECURE two point O consisted of some mandatory amendments and provisions as well as optional provisions. We'll look at those two distinctions. We'll talk about some new guidance from the IRS and DOL, and then talk about what might be on the agenda next. Is there a SECURE three point O?

We shall see. Next slide, please. So you'll see our sect-- our d-- our speech today is going to be divided into seven sections. New and pending provisions, the amendment process, mandatory and optional provisions. What's some of the DOL and IRS homework that they've promised to us? What's next? And then we'll wrap it all up with some action steps.

Next slide, please. So let's start off with some provisions that are already in effect and then some that are coming up in the very near future. Next slide, please

Number one is the changes to family attribution rules. And this is really important in states that are subject to community property rules. Those states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. There are also a few states that allow individuals to opt in to community property laws.

Those states are Alaska, Florida, Kentucky, South Dakota, and Tennessee. So what makes this change so important is that prior to the change let's say a husband and wife each owned a business and they were completely separate. But in community property states, they were treated as if they owned shares of each other's business, and that impacted whether or not they were considered a controlled group.

And if you recall, being a controlled group requires you to, have one employer that, the plan is treated as one plan for the employers that are involved. So it really restricted those types of business arrangements. With this change to the family attribution rules, as long as a spouse has no involvement and no ownership in the other spouse's business, they are going to automatically qualify for the exemption that allows them to be treated independently, and therefore they'll have more options and separation for their retirement plans.

And this change also affected children of this couple who were under the age of twenty-one. The attribution rules said that, children under the age of twenty-one were deemed to own their parents' share. And so those... that couple could have been brought in again to a controlled group arrangement simply because of the attribution rules for under age twenty-one children.

And that is now eliminated with it-- this change. So it really opened up the field for a husband and wife who owned companies in an-- o- in their own right. Now they can have much more flexibility. Next slide, please we have an increase for participants who are age sixty to sixty-three. This is applies for 403, 40 1, and 457 plans as well as simple IRA plans.

They have increased limits. So for example in, for 401plans individuals have the ability to defer up to an additional eleven thousand two hundred and fifty for catch-up contributions if they are in that age group. In the simple IRA world, that increased limit is up to fi- five thousand two hundred and fifty.

Now, this does present some record-keeping and age verification requirements for payroll and HR to make sure that, it, the individual is within that age bracket. If they have... are in a, enter a year and they are going to turn age sixty-four, then that year they revert back to the original age fifty catch-up contribution limit.

So again, making sure payroll is on top of this and allowing individuals to reach those higher limits. Next slide, please

Here we have a requirement for paper benefit statements, and this actually goes into effect or went into effect for twenty twenty-six going forward. For defined contribution plans, there's the requirement for one paper benefit statement annually, and for defined benefit plans it is at least one paper benefit statement every three years.

Now, we did get additional guidance on this in the form of Field Assistance Bulletin twenty twenty-six dash oh two that came out in May of this year. It's allowed for temporary enforcement relief so that plans that were putting forth a good faith effort to comply with the statute or this-- the guidance that the Department of Labor would not seek any, errors or fine a plan for any issues as long as they were trying in their best effort to comply.

That means there should be that the sponsor has some actual documentation on how participant statements are being delivered. So that would probably come from their one of their service providers, maybe the record keeper who is

providing these benefit statements. How are they actually meeting this requirement?

Who's receiving the paper statements? Who has an effective electronic election in place and how is it the system recording the delivery? What evidence is there? And the important thing also that came out in the Field Assistance Bulletin twenty twenty-six oh two is that if a plan is already following the Department of Labor's two thousand and two safe harbor electronic delivery method, they already are meeting the safe harbor and do not have to provide this paper benefit statement annually.

Now, again, that requires that the individual has the ability to affirmatively elect into electronic delivery. There is one one-time paper notice upfront, but then as long as they're following that two thousand and two safe harbor, the plan has-- is meeting that requirement. Next slide, please.

We have the savers match coming up in 2027. Now, we may be familiar with the savers credit, which has been in place for several years which was a credit on a business or an individual's tax return. That is going to be changing to the savers match starting in 2007. And an eligible person will receive up to 50% of the first $2,000 of their contribution.

So in total, the match from the government would be up to $1,000 per year. Now, the individual is going to claim this r- match on... There's a special form, Form 8880-A. They'll be filing that actually in 2028 with their 2027 tax returns if they are eligible to receive the match and now there are some phase-out ranges for individuals if you earn above a certain amount of income the ability to take advantage of this match is phased out.

And for those above, for exa-for example, single filers above thirty-five thousand five hundred and joint filers above seventy-one thousand would not be able to take advantage of the saver's match. Now I want to draw a distinction between Roth IRA contributions. They can help someone qualify for the federal matching contribution, but the federal match cannot go into a Roth IRA.

The eligible accounts are listed there are 401plans, 403plans, governmental 457plans, and traditional IRAs. The-- Those are the only types of accounts that can receive the saver's match. And there's been a, a lot of discussion about how this is going to be accomplished. And we did re-receive some information in notice twenty twenty-six forty-eight that came out in August where the IRS was looking for feedback and how this should be administered.

And they actually put forth three proposed methods and we're looking for comments on those methods. So the first method could be that the plan could register with the IRS and then the match would go into a conduit IRA and automatically be rolled over into the plan if it had been registered with the IRS.

The second method would be that the plan provides information to the participant, and the IRS sends the match directly to the employer's plan. Or three there could be a rollover that's initiated by the participant. So here the participant would tell the IRS to roll over the IRA, the conduit IRA that holds the matching contribution, roll that over into the employer plans.

Now, and an important caveat here too is that plans do not have to accept savers matches. So that's a decision the plan sponsor has to make, and if s- if they are going to accept that, what method they are going to follow in accepting those contributions. Next slide, please.

We have Roth catch-up contributions that are mandatory for high earners. This again is took effect as of 2026. So individuals who earned FICA wages of 150,000 or greater in 2025 actually would be required to make any catch-up contributions to their 401or 403and governmental 457plans as Roth contributions.

Now, the tricky part is if a plan does not allow Roth contributions, those high income earners would not be able to take advantage of the catch-up contributions. So that's a decision a plan sponsor and committee has to make. Will they allow catch-up contributions? And if so, can they accommodate that these high income earners have to have Roth catch-up contributions mandatory?

This i-is an amendment that i-it actually was designed at first to be required as of December 31st of 2026, but we did receive some guidance here just in September September 18th of 2026. The IRS stated that it ex-expects that the Roth Catch-up requirement is going to be added to the 2027 required amendments list.

So that would then move the required amendment deadline to December 31st of 2029. So it's not automatically December 31st of 2026. It could be as late as December 31st of 2029. Now this c- brings up a very tricky situation with the required amendments because there are a few, like the Roth Catch-up contributions, that now may have a delayed amendment date.

And many plan providers have already put together their SECURE Act amendment packages. And the packages consists of the what are the default that

provisions that the provider has in place, and w- it is on the shoulders of the plan sponsor and the committee members to go through and check those default provisions to see if that is actually how the plan has been operated.

And not just to default to those preselected options, but to actually, change the amendment package to reflect how the plan has been operated. Now, since this amendment may be delayed for the mandatory Roth Catch-up contributions, w- what does that mean for that amendment package?

There's a couple of ways providers are handling that. They are either just going ahead with a comprehensive amendment package that may address the Roth Catch-up mandatory contributions and require that amendment by December 31st with the knowledge that there could be subsequent amendments required should there be additional tweaks to the language that are needed.

Other providers have decided to go with a selected amendments at this time and informing plan sponsors that they can anticipate further amendments down the road for these provisions that are now seeing a delayed amendment requirement. So bottom line is check with your plan provider, check on the amendment package that they have prepared, and ask, "How are you addressing the December 31st, 2026 amendment deadline and the new information that just came out the last couple of months about some deadlines that are being delayed until 2029?"

Make sure that the plan sponsor and committee have a good understanding of how the amendment is going to be handled. Next slide, please.

And so in slide 12, we swee- we see that there is a penalty exception now for certain withdrawals for long-term care insurance. This is an amount up to... Now, in statutorily, it's listed as $2,500 per year to pay premiums for certain specified long-term care insurance contracts. That indexed amount is 20-- or $2,600 for 2026.

Keep in mind, though, that these distributions are still taxable. It's just that they are exempt from the early distribution penalty tax. It can apply to 401s, 403s, 403plans, as well as governmental 457plans. And so the, this special withdrawal exception, again, it's optional, not required, but the plan could add it is for payment of long-term care insurance premiums up to the annual amount of $2,600 for 2026.

Next slide, please Now I alluded to the amendment process, but let's get into a little more detail on that because it is very important. Next slide, please one of

the most frequent errors we see with plan amendments is, a provision is introduced becomes available from a law change plan committee decides to implement that after a year or so maybe and then the plan amendment isn't actually required for a few years after that.

And so we've got a lot of different deadlines and operational compliance issues that we need to wrangle in and make sure the plan document matches how the plan has been operated since it puts into place any of the optional provisions as well as the mandatory provisions. So when any laws change or regulation changes, we know that there will have to be plan amendments to reflect those rule changes eventually.

Again, we've had time to implement the SECURE 2.0 amendments but many provisions went into effect right away, and some are... can be added down the road yet. We need to make sure, again, that operationally the plan is complying, and if they've implemented provisions, and that is reflected accurately in the plan document.

Because if you are... if a plan is not does not amend their plan to reflect operational compliance, that means they are going to be out of compliance, could be disqualified if it isn't corrected timely, and that means the plan could fall out of favor with the IRS and lose its tax-preferred status.

So we don't want that to happen. Next slide, please So we recommend that plans go through an amendment checklist. We've actually put together this master amendment checklist for all of the amendments that are required going all the way back to the CARES Act and SECURE Act 1.0 and SECURE Act 2.0, and some of the other regulations along the way.

And this is a way for plans to sit down and really thoroughly go through what provisions they've decided to implement and when they implemented those provisions. So when it comes time to implement that December 31st, 2026 plan amendment they've got the correct dates of applicability in place, and the document can be appropriately executed.

And this again we're going to see the plan providers sending out if y- if you- if sponsors haven't already received them they will be receiving these amendment packedge- packages from their providers that will have some defaults already selected, making sure that the plan actually reflects what the plan has been doing in operation.

Next slide, please.

So again I emphasize step one is to review that pre-filled amendment package from the document providers. Don't just settle on the defaults because that might not be doing-- be reflective of w- how the plan has been operated. Periodically, the IRS releases what's called a cumulative list of changes for re-require- retirement plan qualification requirements.

It's actually a good practice to review that to see if your plan ha- has those available or if the plan wants to implement those. And then work with your providers, record keepers, payrolls, et cetera, to make sure everything is in compliance and aligns and everything is documented appropriately.

Next slide, please. Execute the amendment docti- a de- amended document. Now, that could be important to review who has that authority. Is it the plan sponsor or h- is the authority been given to the board for the business or perhaps an official on the board, maybe the plan committee or maybe a combination of people from the committee?

Who has the authority to actually sign the amended document? And make sure that you identify that person and give them time to actually execute, review, and execute the document appropriately. And then make sure that before that, review all of the updated minutes from committee meetings to determine when things have been implemented in the plan.

Re-review that master amendment checklist, any notes, any discussions with vendors. And then you'll have to make sure that SPDs are released or maybe summary of mater-material modifications for plan participants so they are informed of the changes. Next slide, please

This refers to, again the amendment will probably require a new summary plan description but sometimes it can be a, a supplemental summary of material modification. So review all of that information with HR, with payroll, and the service providers and make sure participants are aware of the changes.

Now a, a caveat for IRA, SEP, and SIMPLE amendments, those have been delayed from December 31st of 2026 until December 31st of 2027. So again, those are for IRA related documents. Next slide, please

Ah, we're onto our first polling question. Now, if you are seeking CE credit, it's very important to s-- ex-- to answer at least three of the polling questions. You don't have to get the answers correct, you just have to show participation. So our first polling question is: Which statements regarding amendments is/are correct?

Is it A, most plans must be amended by December thirty-first of twenty twenty-six; B, updated summary plan descriptions must be provided; C, plan amendments must conform to plan operations; or D, all of the above. And we'll give you a few moments to read through the question again and contemplate your response and register that.

Again, it's important to complete at least three of these polling questions, and I believe there are four in the presentation. And you can select A, B, C, or D

We like to give folks ample time because sometimes computers don't respond or a glitch or something causes a a response not to be recorded quickly. So that's why we provide a little time here. And if you selected all of the above winner, chicken dinner you're paying attention. That is true.

Most plans must be amended by December thirty-first of twenty twenty-six for at least certain provisions. Summary plan descriptions must be distributed or information updated, and we have to make sure the plan amendment conforms to plan operations. Next slide, please. Now we'll move into the section on mandatory provisions.

These are provisions that the plan sponsor committees have to implement according to the requirements under the law changes. Next slide, please So first off, some mandatory provisions. We saw changes under SECURE Act 1.0 for beneficiaries of deceased participants who died after December 31st of 2029.

And the changes were quite significant, especially for non-spouse beneficiaries and for trusts as beneficiaries. Under the new regulations, beneficiary categories there are three. We have to identify whether they are an eligible designated beneficiary, a non-eligible designated beneficiary, or a non-designated beneficiary and a see-through trust.

We've had some guidance. We received some final and proposed regulations in 2025. We also received an announcement 2026-07 that provided some guidance. So there are some... The some of the pro- final rules are in place. A few of the proposed regulations have been you s- or extended as far as their application, but these provisions are in, for the most part, already in place and applicable.

Let's move on to the next slide. We'll talk about who's considered an eligible designated beneficiary. These eligible designated beneficiaries have the most options when it comes time for a distribution as a beneficiary. A spouse is an eligible designated beneficiary, a disabled or chronically ill individual someone

who is ten or fewer years younger than the plan participant or the IRA owner, children of the employee or the IRA owner who have not reached age twenty-one, and some see-through trusts are considered eligible designated beneficiaries.

Next slide, please And the options for eligible designated beneficiaries depend on whether the individual, the IRA owner or the plan participant, died before their required beginning date or on or after. So if you see that line in the dark box with the reverse type distribution options, the terms of the plan or the IRA agreement will specify.

That is critical because plans and IRAs may have more restrictive provisions written into the document than what's allowed under these final regulations. So please always refer to the plan document or IRA agreement for the beneficiary options. But generally, these are the options that might be available.

There's a ten-year rule that is... would be the default unless the regula- unless the plan agreement says something differently. There are single life expec- expectancy payments over the beneficiary's life expectancy. There could be a lump sum distribution. A spouse beneficiary, only the spouse beneficiary, would be able to do an IRA treat as own or roll it over to his or her own IRA.

A non-spouse beneficiary only has the ability to roll over eligible employer plan assets to a beneficiary IRA, not an IRA in their own name, only a beneficiary IRA. And then there's been a, a unique option added where the spouse is the sole beneficiary. They could be deemed to be treated as the employee and basically assume distributions using a joint life expectancy under the uniform table.

So that would... they would be using the surviving spouse's age u- under the uniform lifetime table recalculated. And recalculated means that they go back to that table every year to determine what that new life expectancy factor is. Those spouse beneficiaries can also delay distributions until December 31st of the year the deceased spouse would have turned age seventy-three.

So again, the spouse gets a lot of leeway. Non-spouse beneficiaries, not so much. Next slide, please so for options after, or excuse me, on or after the required beginning date, the eligible designated beneficiary still has life expectancy options. There is also the lump sum option that the spouse can treat as own for an IRA.

They're... The same rollover options apply in that the rollover, non-spouse beneficiaries can roll over to a beneficiary IRA. And again, the, the spouse could be treated as the employee. Only in this case, since distributions would have already begun to the deceased individual those distributions have to continue using either the longer of the single life expectancy of the deceased spouse or the joint life expectancy of the uniform lifetime table.

So that because those distributions have already begun, they have to continue. Next slide, please

Now we'll talk about if we can move on to the next slide. Looks like we may be stuck for a moment here

We can move on to slide 26. There we go. Now we're talking about the non-eligible designated beneficiaries. Again, this is probably going to be, most cases, going to be a child who is under the age of 21. And these individuals have the new 10-year rule requirement. And if the death occurred before the required beginning date the account would have to be depleted by the 10th anniversary of the individual's death.

Now, because they had not started distribution, so death before the required beginning date distributions had not started, the non-spouse beneficiary in this case could wait until the end of that, 10th year to distribute the entire amount. There isn't actually an amount due every year. That's different if the death occurred on or after the required beginning date because there's a long-standing IRS rule that says once distributions have begun, they must be con-continue or accelerate.

If the death is on or after the required beginning date, the non-spouse beneficiary would have to continue annual distributions and de-deplete the account by the end of the 10th year following the year of death. So very important distinction there. We also have lump sum option and again, a spouse or non-eligible designated beneficiary would be able to roll it over to a beneficiary IRA, but still be subject to that 10-year rule.

Next slide, please

There's also a category called non-designated beneficiaries. These are in beneficiaries without life expectancies basically. So estates, charities, non see-through trusts or non-qualified trusts. For these beneficiaries, so if an estate is a beneficiary death before RBD lump sum and a five-year rule that requires a five-year payout, or if the death is on or after, there's lump sum, single life

expectancy payments over the deceased's life expectancy, which is a strange c-idea.

It's called the ghost life expectancy because it's based on the deceased individual. Next slide, please Now we also have the see-through or qualified trust. And def-- the definition of a see-through trust is one that meets the requirements under treasury regulation, is valid under state law, is irrevocable and has identifiable beneficiaries.

And for plans, for the plan administrator, the administrator would have to get a copy of the trust documentation by October thirty-first of the year following the year of death in order for the payouts to be made to the beneficiaries of this see-through trust. Now, the see-through trust rules are very complicated.

And so it's not, I don't recommend a plan sponsoring committee trying to make this call. It's important that they involve their attorney, if possible or the beneficiary involves their attorney in making sure they can document this is actually a qualified trust that meets the requirements to be a see-through trust before distributions can be made to those underlying beneficiaries.

Next slide, please those beneficiaries, if it is a qualifying trust and we do have eligible designated beneficiaries under the trust they could r- qualify for the 10-year rule. That's a default. Again, look at those plan provisions or IRA agreement. There could be single life expectancy payments, there could be a lump sum there could be rollovers.

Now, and that would only be for a non-spouse beneficiary doing a rollover. In this case spouses have only been able to do a rollover by obtaining a private letter ruling, and a private letter ruling is specific to the taxpayer that requests it. So it's not a blanket statement to say that a spouse can automatically do a rollover if they receive assets through a qualified trust.

That's not a blanket statement. The safest approach is to seek a private letter ruling or use one of the other distribu- distribution methodologies. Next slide, please

If we're moving on to the next slide, we will see that the, the deaths after, on or after the RBD same options, single life, lump sum, rollovers. Again, that spouse... Remember that spouse rollover only has been allowed if they've gotten a private letter ruling, so it's pretty iffy to do it without that guarantee or without that reassurance from the private letter ruling.

Next slide, please

Now, if there is a see-through trust, but there are no... or it's a non-eligible designated beneficiary under, under the trust, so we're talking about a non-spouse beneficiary who doesn't qualify as an eligible designated beneficiary. In most cases, this is going to be the child of an employee who has reached the age of 21.

So these are the options that would be available in those circumstances when we have a non-eligible designated beneficiary under a see-through trust. Next slide, please.

We'd have to look at death before the RBD, required beginning date, and death on or after the required beginning date. Death before is that all-important 10-year rule, depleted within 10 years of death or a lump sum distribution. If the death is on or after the RBD, must continue those distributions.

They'd already begun to the original owner, now they have to continue, and then also be depleted within 10 years of death or potentially take a lump sum. Now, in this case, a non-eligible designated beneficiary may roll over their employer plan, not an IRA, their employer plan that they inherit through a see-through trust to a trust...

to a IRA where the trust is the beneficiary. So it has to be a beneficiary IRA where the trust is the beneficiary, and again, that 10-year payout follows. So again, these get very complicated. Wanna make sure that everyone involved the distribution authorizer the payroll department, the plan pro...

all of that is in sync to make sure these are being handled correctly. Next slide, please we're going to now talk about some mandatory provisions that are coming up here, and I may go through these relatively quick-quickly just for the sake of time. W-you probably are well aware that the...

that Congress removed designated Roth accounts from the requirement to have RMDs applied to them if they are designated Roth accounts within a 401. So now basically it's the same treatment as Roth IRAs. There's no lifetime distributions required, but beneficiary distributions are still required.

Important for in... for companies that have a lot of long-term part-time workers, we have the new long-term part-time coverage requirements effective for twenty twenty-five. It requires individuals who are age twenty-one and now

who have worked five hundred hours in two years with that employer to be able to at least make salary deferrals.

That means you have to be counting these eligibility hours long before the individual can enter the plan. So making sure that you're doing that and catching those hours of service. And maybe the best way to do that is to flip to maybe an elapsed time if counting hours is a burden to do so Next slide, please.

And again, these are mandatory provisions. Plans have to put these in place. Plans that were established after December twenty-ninth of twenty twenty-two have to have an automatic enrollment and automatic escal-escalation provision in them. Now, there are a few of the exceptions. If the employer has ten or fewer employees, that's an exception.

If the business has been in existence fewer than three years, that's an exception. If it's a governmental plan, it's a church plan, those are exceptions. Important to determine is my plan subject to this? Have I been maybe involved in a merger or acquisition? And then now is the plan that is remaining a grandfathered plan that allows me to ignore the mandatory enrollment and escalation, or am I in a plan now that requires this?

Important to make sure that information is determined and this implemented accordingly. Next, we have the ability for tribal governments to issue domestic relations orders. That's just an addition. It's still the responsibility of the plan sponsor to approve that domestic relations order as qualified, but just know that now it can come from an Indian tribal government.

So regarding the mandatory provisions, discuss with the record keeper and your TPA and payroll provider the implications of all of these provisions, and make sure everyone is in sync and can actually handle these provisions. Review all the data. Review notes from committee meetings and board meetings.

Assign someone, an individual or a department to determine long-term part-time employee status to make sure someone is responsible for tracking that and transmitting that information correctly. Here again, we have to revise employee communications and maybe execute additional employee outrea-outreach programs and document.

Next slide, please. Now we're going to be looking at some provisions also mandatory. There were certain, kind of obscure provisions. First one relates to electric cooperative employees. This gives non-HCEs the ability in these types

of organizations to receive a higher contribution. Also indexing of IRA contribution limits.

That's going to be starting here. So we know that for twenty twenty-six, that indexed amount is one thousand one hundred dollars. That doesn't apply to the age sixty to sixty-three catch-up contribution increase. We are still waiting for the IRS's COLA-adjusted numbers for twenty twenty-seven.

We've been waiting and waiting, and I've heard that we will see those mid-November, so a little bit longer to wait for those. Next slide, please On to our next polling question. Which provision or provisions is/are mandatory? Is it A, long-term part-time em-employee rules? B, mandatory automatic enrollment for established plans or plans established after December twenty-ninth of twenty twenty-two?

Tribal government domestic relations orders are considered QDROs, or all of the above? Again, participation for CE credit is necessary. You have to answer at least three questions. Don't have to get it right, but at least show your participation. And we'll give you a, a few seconds more to contemplate your answer and register it so that you can make sure you are counted for CE credit

Just a few more seconds and we will reveal the answer to this polling question. And if you answered D, all of the above, congratulations, that is the correct answer. Long-term part-time employees, mandatory automatic enrollment and d-the domestic relations orders from tribal government, these are all mandatory provisions.

Next slide, please. Now let's move on to the many optional provisions and what kind of considerations there are. Next slide, please

Early on many pollsters were trying to figure out what are some of the most popular optional provisions that plan sponsors are addressing. And we'll see here, based on a few of these pollings from Vanguard, Mercer and Alight H... the H 63 60 to 63 enhanced catch-up rules, most plans have adopted those and are have those in place.

They're implementing the volunt- involuntary cash out increased limit of 7,000, and about a third are int- introducing that self-certification for hardship distributions. Some of the other lesser option lesser-known options, just because there's been a little vagueness in implementation and really how much benefit is it we see some of these other ones dropping off in popularity, but we may see reasser- resurgence if we have more clarification.

Next slide, please. Optional provisions. So here again I go back to that amendment checklist. We all g- we go all the way back to the CARES Act and 2020 and 2021. What did, some of these CARE Act amendments, what did we do for the plan? So being able to document and have information on which, which provisions were implemented, very important.

Now, which provisions to implement is a good question for the committee to address. What's in the interest of participants? Is it a good idea to at- offer them more distribution options if the goal of the plan is really to prepare them to have adequate retirement income? Something to consider.

What can your providers do, and what limitations do your providers have? That could weigh in on what decisions are made regarding these optional provisions. And also because they're optional, there's... Youse- you're not under the gun to implement any of the optional provisions right away.

You can take a let's wait and see approach, and many employers are doing that until they feel confident that they can properly understand how to implement some of these more obscure provisions. Next slide, please. So the CARE provisions, we had provisions that allowed for COVID-related distributions.

Remember COVID? Man. Expanded loans loan repayment delays, and also some waivers of RMDs for 2020 and 2021 all the way through, I think, 2024. How did the plan handle those? Go back, determine how the plan was operated during that period, and make sure it's properly translated into the amendment.

Next slide, please so some of the optional provisions, again, just as reminders, I won't go into a lot of detail. We had qualified birth and adoption distributions. SECURE 2.0 actually gave us additional information on the three-year repayment limit, although that wasn't initially an option available through SECURE 1.0.

The increased cap on elective deferrals for automatic enrollment, could be up to fifteen percent. A plan didn't have to implement that, but it could go up to in-- up to fifteen percent. Next slide, please. We had a safe harbor provision that would allow a plan to basically retroactively, in some cases, add a safe harbor provision to a plan.

Right now under this change, a 401k plan could add a three percent non-elective contribution as a safe harbor provision up until thirty days before the end of the plan year and still qualify for the safe harbor. And furthermore, if the employer

were to give a four percent of compensation non-elective, that safe harbor could be put in place all the way up until the following y-year for that plan.

And this is especially interesting for a plan that's maybe failing ADP testing that they could go back and add in the safe harbor provision and there would not be a notice required. However, if, There, there is one caveat for that notice provision. If the plan is going to give additional matching contributions, there would have to be a safe harbor notice for the ACP safe harbor.

So quick caveat there. We've got the, our increased ages for RMDs now and it's seventy-three, but in twenty thirty-three it goes up to age seventy-five, so we've got that to look forward to. Next slide, please withdrawals for certain emergency expenses. This is separate from these plan-linked emergency savings accounts.

So we had those, the PLESA accounts, which is a separate account within a plan or this special withdrawal for emergency expenses. Plans need to decide if they want to a- offer both or neither, and how they are going to implement that. Next slide, please. We have the... Again, I mentioned the pension-linked savings account for...

These are only for non-HCEs. It's a relatively small amount. $2,600, I believe, is the maximum adjusted amount for 2026. These contributions go in on a Roth basis and then they are... can be distributed for emergency cases. Next slide, please. Ah, here we have our third polling question. The plan-level emergency savings account, PLESA, limit is $3,500.

B, the PLESA feature is optional. C, in-service distribution of PLESA amounts is permitted. D, PLESA amounts must be placed in principal secure investment vehicles. Now, one of these statements is false

If you recall that the PLISA is an optional provision. It was up to a limited amount

And pausing for just a few moments, we'll get in the last few registered responses so you can get your CE

And we'll reflect the right answer as, drum roll please

And if you answered A, th-that is correct in that is a false statement. It's up to $2,600 for 2026. Now, I'm looking at the clock, and we have l- lots of slides to go through. And I don't wanna bore you by going slide by slide each provision

and but I do want to emphasize again the amendment process double-checking with your document provider about how they are handling the December 31st, 2026 deadline, as well as some of the delayed amendment deadlines.

Are they doing a comprehensive amendment, or are they going to be doing a partial amendment now and supplemental amendments later? Next slide, please I also wanted to talk about what is on the horizon, what might be coming down the pike. We, we've had SECURE 1.0, we've had SECURE 2.0. Is there a SECURE 3.0 on the horizon?

Actually, that is being kicked around. There is no formal proposal before Congress right now that specifies SECURE 3.0, but what we do have is a series of bills that have been presented that have a number of provisions that eventually we could see combined into one comprehensive bill that more than likely will be able to be called SECURE 2.0.

And that is something that we anticipate, you know, now that we've got the midterm elections over and now that we can settle in and, w- health- hopefully everybody can start working together, then we can move on to get more of these bills that are under consideration talked about in committee, passed along, and then finally may be brought into SECURE 3.0.

A couple of the main things that are in these bills, one would be, again, that cap on large retirement accounts. So individuals it'd be a combination of their modified adjusted gross income, and if they have account balances in excess of I believe it's four hundred thousand they may be subject to restrictions on the amount of contributions that they can make to the plan and also maybe some distributions.

Again, only in proposal stage, not, noth- nothing to worry about at this point, but just something to keep in mind. Some other things would be to allow for some incentives for nonprofit employers. We've got the saver... or excuse me, we've got plan cost coverage for businesses that are incorporated and for-profit, but nonprofit organizations don't necessarily have those incentives, so something for plans nonprofit plans to want to establish plans.

And with that, I better bring it to a close. I ho- I can answer a few questions perhaps, or any that are collected in the Q&A, I will follow up with after the program.

Lisa Caito: Thank you, Jenny, so much. We do have a last polling question on the slide right now. Which question is true? A, small finan- financial incentives can be up to $500.00.

B, student loans. And I... Unfortunately, we just changed the slide. So we'll follow up with those answers. But Jenny, thank you today for covering a lot of ground. There's a lot of information in Secure 2.0, 1.0 and I'm sure Secure 3.0 will be coming in the future. But just as we wrap up everything, think, again it's making sure your documents are lined up, making sure that we're actually operating in the plans accordingly.

And while these rules keep changing, the fundamentals haven't. As a fiduciary, we need to remember strong governance, good documentation, a proactive approach. All of those are the best tools you can do for managing risk and participant success. So before we wrap up, a quick reminder for those of you that were looking for CE please make sure you've answered all the polling questions, or at least three out of four.

Complete the survey. Stay logged in for the full session, and keep an eye on your inbox. Within the next week, you will receive a follow-up email wh- which will have the recording, related materials, along with any questions that you've submitted today. So again, thank you all for joining us today. We know your time is valuable, and we re- we truly appreciate you spending time this afternoon with us.

Thanks, and have a great day

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