

Welcome to SECURE 2.0

Our discussion will begin shortly – all lines have been muted.
Please use the Chat feature if you have questions.
Thank you for attending!



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Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 Act

What Employers Need to Know





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Investment Counsel LLC

DeWitt Law Firm

Agenda

- I. • **Presenter Introductions**
- II. • **Setting Every Community Up for Retirement Enhancement (SECURE) Act Overview**
- III. • **Mandatory Changes**
• **Optional Changes**
• **Key Considerations**
- IV. • **What It Means To Employees**

SECURE 2.0 Act – Overview

- **Enacted on December 29, 2022**
- **Includes 92 provisions**
- **Goals:**
 - **Increase retirement plan coverage**
 - **Increase participation opportunities**
 - **Ensure more Americans are prepared for their financial futures in retirement**

Setting Every Community Up for Retirement Enhancement (SECURE) Act

- Mandatory Auto Enrollment for new plans
- Federal Savers Match
- Required Minimum Distribution Age Increased
- Catch-up contribution limit increase (optional)
- Catch-up contributions treated as Roth contributions (required)
- Student loan payments may be matched (optional)
- **Withdrawals for certain emergency expenses (optional)**
- Part-time employees must be eligible for elective deferrals after two years of service with 500 hours (required)
- Emergency savings accounts (optional)
- Missed required minimum distribution penalties (required)
- **Force out limit raised from 5k to 7k (optional)**
- Top-heavy rule changes (optional)
- Participant self-certification of hardships allowed (optional)
- Domestic abuse withdrawal option (optional)
- Retroactive amendments allowed (optional)
- Roth accounts not subject to required minimum distributions (required)
- Terminal Illness distribution option (optional)
- Surviving spouse election to be treated as an employee (required)
- Federally declared disaster withdrawals (optional)
- **Paper statements requirement (required)**
- Plans may allow participants to designate matching contributions and non-elective contributions as Roth contributions (optional)

It's a lot!
Stick with us.

SECURE 2.0 Act - Mandatory Provisions

Provisions that are mandatory

Provision	Description	Effective date
Required minimum distribution (RMD) age increase (§107)	Increases the age for RMDs from 72 to 73 starting in 2023, and then to 75 starting in 2033.	Individuals who reach age 72 after 12/31/22 Then those who reach age 74 after 12/31/32
Elective deferrals generally limited to regular contribution limit (§603)	Catch-up contributions made to a retirement plan must be designated as Roth contributions for participants earning \$145,000 or more.	Effective for tax years beginning after 12/31/2023
Improving coverage for part-time workers (§125)	Reduces the service requirement for part-time workers to 2 years—down from 3 years—to enroll in ERISA 401(k) and 403(b) plans. Also, provides that pre-2021 service is disregarded for vesting purposes (retroactive to plan years beginning after 12/31/20).	Effective for plan years beginning after 12/31/2024

SECURE 2.0 Act - Mandatory Provisions

Provisions that are mandatory - continued

Provision	Description	Effective date
Roth Plan Distribution Rules (§325)	Eliminates required minimum distribution for Roth accounts in employer plans	Effective for tax years beginning after 12/31/2023
Aligning 403(b) and 401(k) hardship distribution rules (§602)	<p>Conforms hardship withdrawal rules for 403(b) plans to 401(k) plans.</p> <p>Plan participants may now request a hardship distribution from certain employer contributions as well as salary deferrals. Also, 403(b) plan participants are no longer required to take a plan loan prior to requesting a hardship distribution.</p>	Effective for plan years beginning after 12/31/2023
Saver's Match (§103)	<p>Modifies the existing Saver's Credit to make it refundable and turns it into a direct government matching contribution to the taxpayer's IRA or eligible retirement plan.</p> <p>Plan's have option to not accept match</p>	Effective for plan years beginning after 12/31/2026

SECURE 2.0 Act - Optional Provisions

Provisions that are optional

Provision	Description	Effective date
Updating dollar limit for mandatory distributions (§304)	Involuntary cash-out limit is increased to \$7,000 from \$5,000	Effective for distributions after 12/31/2023
Optional treatment of employer matching or nonelective contributions as Roth contributions (§604)	Allows defined contribution plans to provide participants with the option of receiving matching contributions on a Roth basis	Effective for contributions made after enactment (Immediate)
Higher Catch-Up Limit (§109)	Increases the limit on catch-up contributions for individuals age 60-63 to the greater of (i) \$10,000 or (ii) 150% of the regular catch-up amount for 2024, indexed for inflation.	Effective for taxable years beginning after December 31, 2024

SECURE 2.0 Act - Optional Provisions

Provisions that are optional

Provision	Description	Effective date
Treatment of student loan payments as elective deferrals for purposes of matching contributions (§110)	Permits an employer to make matching contributions under a 401(k) plan, 403(b) plan, or SIMPLE IRA with respect to “qualified student loan payments.”	Effective for contributions made for plan years beginning after 12/31/2023
Emergency savings accounts linked to individual account plans (§127)	Employers may offer to their non-highly compensated employees’ pension-linked emergency savings accounts and may automatically opt employees into these accounts. Capped at \$2,500. No fees for first four withdrawals.	Effective for plan years beginning after 12/31 2023
Withdrawals for emergency expenses (§115)	Allows one penalty tax free withdrawal up to \$1,000 per year for personal or family emergencies. May be repaid within three-year window. Allows one such withdrawal every three years if original withdrawal has not been repaid. In all cases, participants are limited to one emergency withdrawal per year	Effective for distributions after 12/31 2023

SECURE 2.0 Act

Key considerations – Who needs to be involved



Payroll
Provider



Plan
Recordkeeper



Plan Sponsor



Retirement
Advisor



Legal Counsel

SECURE 2.0 Act – Last Minute

Last minute addition – 529 Rollovers

- Allowing rollovers of unused 529 plan accounts into Roth IRA of beneficiary
- No more than Roth limit each year, max \$35,000 lifetime
- Account must be in existence for 15 years

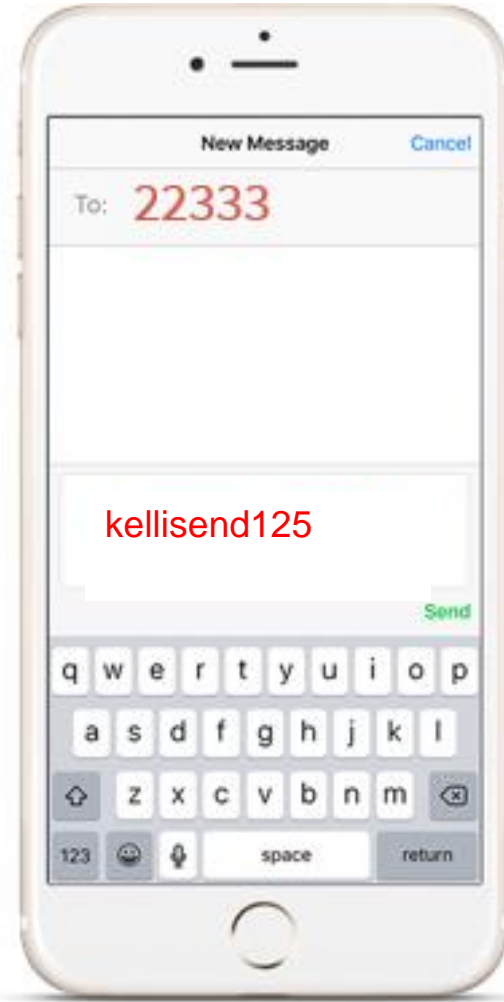
What It Means to Employees



Let's Hear From You!



Web voting

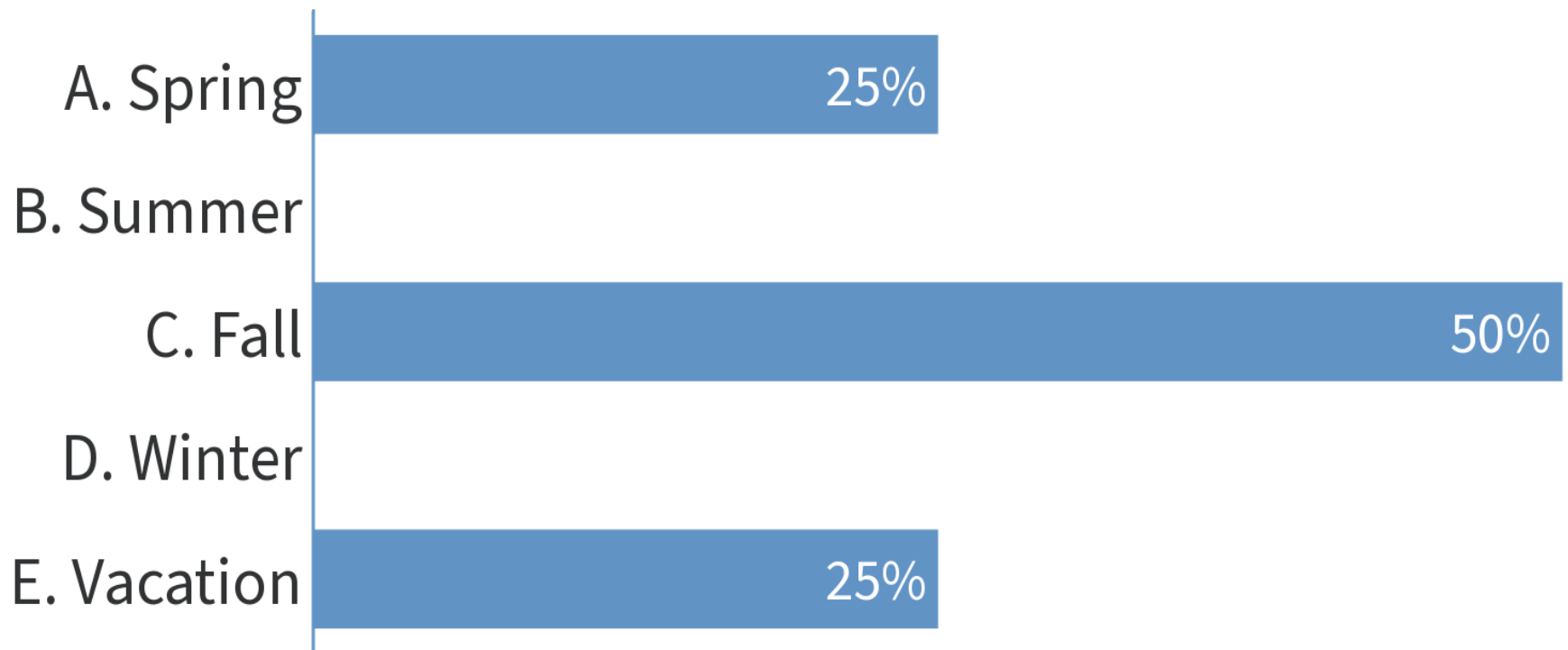


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What is your favorite season?



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Would you rather.....

A. Have retirees
remain in your
retirement plan

B. Encourage retirees
to leave the
retirement plan

According to Vanguard's How America Saves 2022 Study, what percentage of workers are saving with Roth tax treatment?

A. 54%

B. 32%

C. .9%

D. 14%

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According to a PSCA study, what percentage of retirement plans allow Roth deferrals?

A. 81%

B. 66%

C. 52%

D. 37%

E. 20%

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What is the average amount of Federal Student Debt per borrower?

A. \$52,893

B \$37,574

C. \$25,605

D. \$17,389

e. \$9,725

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According to a Transamerica Institute Study, what percentage of taxpayers are aware of the Savers Credit?

- A. 16%
- B. 33%
- C. 48%
- D. 61%
- E. 78%

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Retirement Plan Lost and Found

Secure 2.0 directs the Labor Department to create, within two years, a national online, searchable “lost and found” database.





866-232-6457

Thank You

*Start where you are.
Use what you have.
Do what you can.
– Arthur Ashe*



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