



SECURE 2.0 Defined Contribution Retirement Plan Provisions Snapshot

2023 Provisions

| Provision | Description | Comments |
|---------------------------------------|--|--|
| Required Minimum Distributions (RMDs) | <ul style="list-style-type: none"> • Required beginning date moves from 72 to 73 in 2023 • Required beginning date moves to age 75 in 2033 • Penalty for failure to complete RMDs moves from 50% to 25% (10% if failure is identified and corrected within two years) | Mandatory |
| RMD from Annuities | Participants who have annuitized a portion of their account may count the payments they receive towards their required minimum distribution. | Makes annuitization more attractive. |
| 403(b) Provisions | <ul style="list-style-type: none"> • Eligible to participate in Multi-employer Plans (MEPs) and Pooled Employer Plans (PEPs) • Allows investment in Collective Investment Trusts (CITs) | <ul style="list-style-type: none"> • Continued efforts to align 403(b) rules and 401(k) rules • Securities law must be updated before CITs are available |
| Financial Incentives for Employees | Plan sponsors may provide <i>de minimis</i> financial incentives to encourage plan participation (for example, low value gift cards) | <ul style="list-style-type: none"> • Financial incentives other than employer contributions would have been a prohibited transaction • Cannot be paid with plan assets |

2023 Provisions

| Provision | Detail | Comments |
|--|--|--|
| Self-Certification for Hardship Distributions | Employees may self-certify that a hardship distribution is for an immediate financial need, that the amount does not exceed the need and that they have no other means of meeting the need. | Expands the self-certification but employers should not allow the hardship if they know the self-certification is not accurate. |
| Roth Treatment of Employer Contributions | Employees may elect to have matching and non-elective employer contributions made on an after-tax basis | Guidance may be needed on W-2 and tax return reporting. |
| Recoupment of Overpayments to Employees | <ul style="list-style-type: none"> • Employer may elect not to seek recoupment of overpayments • If seeking recoupment, employer must abide by certain rules when seeking recoupment that is designed to protect the participant | Election to not recoup is optional and protections for seeking recoupment are mandatory. |
| 457(b) amendments | Extended the time period for certain RMD related amendments to the end of the 2025 plan year. | The previous deadline was 12/31/22 |
| Declared Federal Disasters | <ul style="list-style-type: none"> • Penalty-free withdrawal of up to \$22,000 within 180 days of the declared disaster (may be taxed over three years) • Increased loan limit to \$100,000 within 180 days of the declared disaster • Opportunity to stop payments on existing loans for up to one year for payments due within 180 days of the declared disaster • Repayment of hardship distributions taken to purchase a home in the disaster area if no longer needed | <ul style="list-style-type: none"> • Optional • Applies to disasters declared after January 26, 2021 • Withdrawals may be repaid within three years |

2023 Provisions

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|---|--|---|
| Penalty Free Withdrawals for Terminal Illness | Physician certified illness that is expected to result in death within seven years may be allowed. | Optional |
| Withdrawals for Birth or Adoption | Provision to allow for up to \$5,000 penalty free withdrawal was included in the original SECURE Act. SECURE 2.0 clarifies the timeframe for repayment to three years. | <ul style="list-style-type: none"> • Participants have the option to repay the distribution but are not required to repay • Mandatory if the plan allows for these types of withdrawals |
| Governmental 457(b) Plans | Elimination of the rule requiring participants to make deferral elections prior to the first day of the month to be effective. | This does not apply to non-governmental 457(b) plans. |
| Provisions for Small Employers | <ul style="list-style-type: none"> • Tax credit for implementing provisions to support plan participation for military spouses • Increase tax credit for costs of establishing a retirement plan to 100% or \$5,000/year for first three years (credit is available if the employer joins an existing MEP) | Additional support to encourage small employers to establish plans. |
| Simplified Notice Requirements for Non-participating Employees | Eligible but non-participating employees are only required to receive an annual reminder notice. | Prior to this, eligible non-participating received the same notices as active participants. |

2024 Provisions

| Provision | Description | Comments |
|---------------------------------------|---|--|
| Required Minimum Distributions | <ul style="list-style-type: none"> Surviving spouse may elect to be treated as deceased participant to extend beginning date for RMDs Pre-death RMDs no longer required from designated Roth accounts | <ul style="list-style-type: none"> Both provisions are mandatory Roth provision brings regulations in line with Roth IRA rules |
| Emergency Savings Options | <ul style="list-style-type: none"> Plan sponsor may create a separate account, funded to a maximum of \$2,500 and invested in low risk investment selected by the plan sponsor, available for emergencies Penalty free withdrawals may be allowed of up to \$1,000 a year for an emergency (must be repaid within three years before another emergency withdrawal is allowed) | <ul style="list-style-type: none"> Separate account option is only available for non-highly compensated employees. Both are optional and are separate and distinct from each other |
| Victims of Domestic Abuse | Penalty free withdrawals may be allowed up to \$10,000 or 50% of account value for victims of domestic abuse. | <ul style="list-style-type: none"> Employees may self-certify Distributions must be made within one year of the abuse |
| 403(b) Hardship | Expands the money sources available for hardship withdrawals (i.e., allowing earnings on employee contributions to be available). | Expands the amounts that may be available for hardship withdrawals and is consistent with the current rule for 401(k) plans. |
| Student Loan Repayments | Employers with matching plans may make the employer contribution to the retirement plan based on employee's proof of making qualified student loan payments. | Complex rules surround this so additional guidance will be needed. |

2024 Provisions

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|---|---|---|
| Catch-up Contributions required to be after-tax | Individuals earning over \$145,000 are required to have all catch-up contributions made on an after-tax basis. | Mandatory if the plan intends to allow catch-up contributions |
| Forced Distributions | The small-sum force out balance to distributing terminated participant accounts to IRAs may be increased from \$5,000 to \$7,000 | |
| Self-correction of auto-enroll and auto-escalate errors | Plans have 9 ½ months after plan year-end to correct errors related to auto-enroll and auto-escalate | |

2025 Provisions

| Provision | Description | Comments |
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| Auto-enroll and Auto-escalate for new plans | Plans established after 2022 must have auto-enroll of 3% and auto-escalate 1% each year to 10% (auto-escalate may go as high as 15%) | Effective in 2025 but mandatory for plans established after Dec. 29, 2022 |
| Catch-up Contributions | Employees age 60-63 may contribute the larger of \$10,000 or 150% of the regular catch-up amount | Provision may be difficult to track correctly which may impact its adoption. |

2025 Provisions

| Provision | Description | Comments |
|--------------------------------------|--|---|
| Long-term/Part-time (LTPT) Employees | SECURE required LTPT employees who have worked 500 hours or more for three years to be eligible to make voluntary deferrals. SECURE 2.0 shortens the time period to two years and includes 403(b) plans. | <ul style="list-style-type: none"> • Mandatory • SECURE 2.0 adds the provision for 403(b) plans |
| Plan Amendments | <ul style="list-style-type: none"> • Amendments for SECURE 2.0 must be completed by the end of the first plan year beginning on or after January 1, 2025 • Extended the deadlines for SECURE 1.0, CARES Act and Relief Act to match SECURE 2.0 requirement | |

2026 Provisions

| Provision | Description | Comments |
|--------------------------|--|-----------|
| Long-term Care Insurance | Penalty free withdrawal up to \$2,500 to pay for long-term care insurance premiums | Optional |
| Paper Statements | Defined contribution plans must send one paper statement per year and defined benefit plans must send one paper statement every three years | Mandatory |

2027 Provisions

| Provision | Description | Comments |
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| Saver's Credit | Lower income workers eligible for up to \$2,000 matching contribution deposited into their retirement account. Provision is optional. | Plans do not have to accept the contributions. |

SECURE 2.0 Directives to Regulatory Agencies

- GAO to report on utilization of disaster relief provisions.
- The DOL to report on PEPs within five years.
- The DOL to report on the effectiveness of auto-portability provisions.
- The DOL must issue regulations related to benchmarking investments holding a mix of assets (i.e., target date funds).
- The Department of Treasury must update the Employee Plans Compliance Resolution System (EPCRS) by 2025 to expand the plan failures available for correction through the Self-Correction Program (SCP).
- The DOL must establish a database of plan administrator contact information to allow individuals to search for lost or missing retirement balances.
- The Department of Treasury must develop an education campaign related to the Saver's match by July 2026.
- The Department of Treasury, the DOL, and the Pension Benefit Guaranty Corporation (PBGC) must review reporting and disclosure requirements and make recommendations on options to improve and simplify the requirements. Report must be completed by the end of 2025.
- By 2025, the Department of Treasury must develop sample forms for rollovers in an effort to simplify the process.
- GAO to report within 18 months related to effectiveness of 402(f) rollover notices.
- The DOL must report on proposed improvements in fee disclosures for defined contribution plans by the end of 2025.
- The DOL must report on inflation and retirement plans by March 29, 2022.

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