

Secure 2.0 – Key Provisions

2023 and Earlier Provisions		Effective Date Notes	Optional, Mandatory, Tax-Related
Recovery of retirement plan overpayments	Restricts plan sponsors from recovering certain excess payments from a participant after a 3-year period when the individual did not cause the overpayment.	December 29, 2022	Mandatory
Repayment of Qualified Birth or Adoption Distributions	Limits recontribution of Qualified Birth or Adoption Distributions to the 3-year period beginning the day after the distribution. For QBAD already made, repayment deadline is 12.31.2025	December 29, 2022	Mandatory
Pension Plan Mortality Tables	Changes to mortality table for purposes of the minimum funding rules.	Applied as though IRS revised tables on December 29, 2022.	Mandatory
Groups of Plans	Any 103(a)(3)(C) audit applies only to large plans	December 29, 2022	Mandatory
Tribal Court QDROs	Adds Tribal courts to the list of courts authorized to issue QDROS.	Orders received by plan administrators after December 29, 2022, including orders submitted for reconsideration.	Mandatory
Cash Balance Testing	For 411(b) accrual rule tests, may use a reasonable projection of interest crediting rates; capped at 6%	2023 Plan Year	Mandatory
Optional treatment of ER contributions as Roth contributions	401(a) plan, 403(b) plan, or a governmental 457(b) plan may permit an employee to designate employer matching or nonelective contributions as designated Roth contributions.	Applies to contributions made after December 29, 2022.	Unclear
Required Minimum Distributions	A number of changes were made that allow RMDs to be reduced or delayed, including changes related to: <ul style="list-style-type: none"> • RMD Age (73 in 2023, 75 in 2033) • Qualified Longevity Annuity Contracts • Partial Annuitization Calculations • Impact of Annuity Purchase • Spousal Election to be Treated as Participant • No RMD for Designated Roth • Special Needs Trust 	As early as 2022	Optional
Natural Disasters	Provide permanent plan-related relief for qualified disasters. Plan may permit distributions up to \$22,000 per disaster (lower than the usual \$100K approved by Congress). May be repaid in 3-year period after distributions. Income inclusion may be spread over 3 years. Amounts distributed prior to the disaster to purchase a home would be permitted to be recontributed. Plan may permit higher plan loan limits (up to \$100k or 100% of account) for affected individuals and for additional time for repayment of plan loans owed by affected individuals.	Effective for disasters occurring on or after January 26, 2021.	Optional

2023 and Earlier Provisions		Effective Date Notes	Optional, Mandatory, Tax-Related
EPCRS: Expansion	<p>Expands EPCRS to allow self-correction of inadvertent plan errors (including significant operational errors) without a deadline (as long as before examination and within a reasonable period after discovery).</p> <p>Provides that self-corrected loans are treated as meeting requirements of VFCP. DOL may impose reporting.</p> <p>Waiver of 60-day rollover for reasons beyond control of account owner.</p> <p>Allows IRS to waive excise tax for RMD when an IRA owner self-corrects the error within 180 days.</p>	<p>Effective on December 29, 2022</p> <p>2-year deadline for EPCRS update.</p>	Optional
Employee certification of deemed hardship conditions	<p>Plan administrator of a 401(k), 403(b), or 457(b) plan may rely on the employee's certification that the distribution is on account of an eligible hardship/emergency, not in excess of amount needed, and no alternative means to satisfy need.</p> <p>Treasury may restrict in regs for actual knowledge.</p>	2023 plan year	Optional
Eliminate plan requirements for unenrolled participants	<p>Allows plans to provide much more limited information to employees who are not contributing to a plan and that have no balance in the plan.</p> <p>Must have provided an SPD, any required eligibility notices, and an annual notice.</p>	2023 plan year	Optional
Small financial incentives for contributing	<p>Allows de minimis financial incentives for employees "who elect to have [deferrals made]" to a 401(k) or 403(b) plan.</p> <p>Cannot be paid for by the plan.</p>	Effective for plan years beginning after December 29, 2022.	Optional
457(b): Eliminate "First Day of the Month" req. for gov't plans	<p>Plan may permit participants in 457(b) plans to change their contribution election at any time.</p>	Tax years beginning after December 29, 2022	Optional
403(b) plans ability to invest in CITs	<p>Allows employers with 403(b) plans, including public schools and tax-exempt organizations, to structure their retirement plans as collective investment trusts.</p> <p>Does not include corresponding securities law change that will be required to actually utilize CITs.</p>	The proposal is applicable to amounts invested after December 29, 2022, -but practically not available until legislation to address securities law.	Optional
403(b) MEPs	<p>403(b) plans, other than church plans, may form MEPs. No inference for church plans.</p> <p>Provides unified plan relief if MEP satisfies requirements similar to 413(e) (the PEP rules). Governmental plan gets this relief even if commonality requirements are not met.</p> <p>Treasury in consultation with DOL must provide education and outreach on fiduciary duties.</p>	2023 plan year	Optional
Pooled employer plans modification	<p>Permits PEP to designate a named fiduciary (other than an employer in the plan) to be responsible for collecting contributions. Other fiduciary required to implement written contribution collection procedures that are reasonable, diligent, and systematic.</p> <p>Prior to change, duty to collect and hold assets had to be a trustee approved under 408(a)(2).</p>	2023 plan year	Optional

2023 and Earlier Provisions		Effective Date Notes	Optional, Mandatory, Tax-Related
Firefighter distributions	Expands the age 50 exception for qualified public safety employees to include distributions from a qualified retirement plan or section 403(b) plan to an employee who provides firefighting services.	Effective for distributions after December 29, 2022.	Optional
Modification of health insurance exemption for public safety officers	Repeals the direct payment requirement for the exclusion from gross income (\$3,000) for a distribution from a governmental retirement plan to a public safety officer to pay health insurance premiums.	Effective for distributions after December 29, 2022.	Optional
Pension Plan 401(h) Accounts	Extends the sunset for using assets from an overfunded pension plan to pay retiree health and life insurance benefits. The sunset would be 2025 and this extends it to 2032; and it permits transfers to pay retiree health and life insurance benefits provided the transfer is no more than 1.75% of plan assets and the plan is at least 110% funded. Effective after December 29, 2022.	Transfers after December 29, 2022	Optional
415 Limit for Rural Electric Coop Defined Benefit Plans	415 limit for certain employees of rural electric cooperatives. Eliminates the DB 415 comp limit (100% of comp) for participants who are NHCEs and participate in a rural electric cooperative retirement plan.	Limitation years beginning after December 29, 2022	Optional
Retroactive first-year elective deferrals for sole-proprietors	Sole owner of an unincorporated trade or business, who is the only employee of such trade or business, may treat any elective deferral to a 401(k) plan made before the tax return due date (determined without regard to any extensions) as having been made before the end of the plan's first plan year. Applies only to the first plan year in which the section 401(k) plan is established.	Effective for plan years beginning after December 29, 2022.	Optional
SEP for Household Employees	Permits employers of domestic employees (e.g., nannies) to provide retirement benefits under a SEP (currently only permitted for SIMPLEs).	Tax years beginning after December 29, 2022	Optional
SIMPLE and SEP: Roth Permitted	Under the provision, a SEP and a SIMPLE IRA are permitted to be designated as Roth IRAs.	2023 tax year	Optional
Substantially equal periodic payments	Clarification of substantially equal periodic payment rule. The exception from the 10% early distribution tax for substantially equal periodic payments will continue to apply if the case of a rollover of the account, an exchange of an annuity providing the payments, or an annuity that satisfies the required minimum distribution rules. No inference on rules prior to enactment.	Safe harbor for certain annuities effective on December 29, 2022	Tax
Terminally Ill Exemption	Provides an exception to the 10% early distribution tax for distribution to a terminally ill individual. Must provide evidence required by plan administrator. May be repaid.	December 29, 2022	Tax
Public Safety officers with 25 years of service eligible for 10% penalty exemption	Extend the exception from 10% penalty to public safety officers with at least 25 years of service with the employer sponsoring the plan (current exemption is age 50 regardless of service).	Effective for distributions after December 29, 2022.	Tax

2023 and Earlier Provisions		Effective Date Notes	Optional, Mandatory, Tax-Related
Corrections Officers eligible for 10% penalty exemption	Extends the public safety officer exception to the 10% early distribution tax to corrections officers who are employees of state and local governments. Effective after December 29, 2022.	Effective for distributions made after December 29, 2022.	Tax
Elimination of IRA Penalty	Exempts excess contributions to IRA (and earnings) that are timely returned from the 10% tax on early distributions.	Effective after December 29, 2022.	Tax
Qualified Charitable Distributions	Indexes the annual \$100,000 exclusion limit after 2022. Allows a one-time \$50,000 distribution from an IRA to a split-interest entity.	Effective for distributions made in tax years beginning after December 29, 2022.	Tax
Reduction in RMD Excise Tax	Reduces the excise tax for failure to take a required minimum distribution (RMD) to 25 percent from 50 percent, and further reduces the excise tax to 10 percent for taxpayers who take the required RMD before an IRS audit or (if earlier) the second year after the year in which the excise tax is imposed.	Tax years beginning after December 29, 2022	Tax
Small Employer Pension Plan Start-up Credit for adopting MEP	Clarifies that the start-up credit is available if an employer is adopting its first plan by joining an existing MEP.	Effective as if included in SECURE 1.0	Tax Credit
Small Employer Pension Plan Start-up Credits	Establishes a new credit and expands an existing credit. Startup credit increased to 100% for companies with 50 or fewer employees. The existing cap of \$5,000 per employer would be retained. The new credit offsets up to \$1,000 of employer contributions per employee in the first year, phased down gradually over 5 years. Applies to companies with 100 or fewer employees, however, it is phased out for those with more than 50 employees. No credit for contributions to any employee making more than \$100k (indexed after 2023). No deduction for contribution qualifying for credit.	2023 Tax Year	Tax Credit
Small employer retirement plan eligibility credit for military spouses	Tax credit to small employers (using SEP definition of under 100 EEs) who offer NHCE military spouses a retirement plan with enhanced eligibility rules and an accelerated vesting schedule. The credit of up to \$500 per military spouse would apply for first 3 years of participation (\$200 for eligibility; \$300 for ER contributions).	Tax years beginning after December 29, 2022	Tax Credit

2024 Effective Provisions		Effective Date Notes	Optional, Mandatory, N/A
Catch-up Contributions: Required to be Roth	Catch-ups under a 401(k), 403(b) plan, or governmental 457(b) plan must be designated Roth contributions for Ps with > \$145k (indexed) in wages in prior year (and <= \$145k must have Roth option for catch ups). Treasury may issue regulations re: changing election if comp is determined to exceed threshold after election is made. Silent on recharacterization	2024 tax year	Mandatory

2024 Effective Provisions		Effective Date Notes	Optional, Mandatory, N/A
Family Attribution Changes	<p>Disregards community property rules for ownership under controlled group and affiliated service group rules.</p> <p>Spouse not attributed options of a minor child.</p> <p>Disaggregates businesses if the only common ownership link is attribution of parental ownership to a child.</p> <p>A change in CG/ASG status due to the change in statute is treated as 410(b)(6)(C) transaction.</p>	2024 plan year	Mandatory
Pension Plan Annual Funding Notices	Change to content requirements.	2024 plan year	Mandatory
PBGC Variable Rate Premium	No indexing of variable rate premium after 2023; flat \$52.	2024 plan year	Mandatory
Increase in Cashout Limit	Increases limit from \$5 to \$7k.	Distributions after December 29, 2023	Optional
Distribution for Domestic Abuse Victims	Plans may permit withdrawal in the case of an eligible distribution to a domestic abuse victim. Lesser of \$10,000 (indexed) or 50% of balance. Applies to plans not subject to IRC §417. Withdrawal is exempt from 10% penalty. May be recontributed to applicable eligible retirement plans, subject to certain requirements.	Distributions after December 29, 2023	Optional
Personal Emergency Distribution	Plan may permit participant to take one distribution per year up to \$1,000 (or account in excess of \$1,000 if less), and a taxpayer would have the option to repay the distribution within 3 years. No further emergency distribution would be permissible during the 3 year repayment period unless recontribution occurs. Exemption from 10% penalty. May rely on participant certification absent actual knowledge.	Distributions after December 29, 2023	Optional
Corrections of Automatic Enrollment Errors	Allows employers to correct inadvertent auto-enrollment errors within 9½ months after the end of the year in which the error occurs without making up missed deferrals.	Errors occurring after December 29, 2023	Optional
Student Loan Matching Program	<p>Permits employers to match student loan payments under 401(k), 403(b), SIMPLE, and 457(b) plan as if those payments were elective deferrals. May rely on employee certification re: payment amount.</p> <p>* ER contribution treated as a match</p> <p>* Can test ADP separately for those receiving loan match (repayment not treated as deferral)</p> <p>* May include as part of a safe harbor match design.</p>	2024, plan years beginning in	Optional
Auto-Portability Services	Exemption to prohibited transaction rules for service provider providing automatic portability services, such as automatic transfer of a participant's default IRA (established in connection with a distribution from a former employer's plan) into the participant's new employer's retirement plan, unless the participant elects otherwise.	December 29, 2023	Optional

2024 Effective Provisions		Effective Date Notes	Optional, Mandatory, N/A
Starter 401(k)	<p>Permits an employer that does not sponsor a retirement plan to offer a starter 401(k) plan or safe harbor 403(b) plan.</p> <p>Requires all employees be default enrolled in the plan at a 3 to 15% of compensation deferral rate. Could exclude union, non-resident aliens, and age/service excludable. No employer contributions permitted. The limit on annual deferrals is \$6,000 with an additional \$1,000 in catch-up contributions beginning at age 50. Indexed after 2024. There would be no ADP test or top-heavy test.</p>	2024, plan years beginning in	Optional
Emergency Savings Accounts	<p>Plans may offer NHCEs pension-linked emergency savings accounts. Accounts are capped at \$2,500 (or lower as set by the employer). May automatically opt employees into these accounts at no more than 3% of their salary. Must apply match as though ESA contributions are deferrals. Must permit distributions at least once per month and first four distributions each year must be at no cost to participant.</p>	2024, plan years beginning in	Optional
No Top Heavy for Participants Who Don't Meet Age and Service	<p>Employees who do not meet the minimum age and service requirements under the Code may be ignored in determining whether plan satisfies the top-heavy minimum contribution requirement.</p>	2024, plan years beginning in	Optional
Retroactive Amendments to Increase Benefits	<p>Plan sponsor may amend the plan by its tax return due date to increase benefits accrued under the plan as of any date in the preceding plan year (other than increasing the amount of matching contributions) as long as it would not otherwise cause the plan to fail to meet any of qualification requirements</p>	2024, plan years beginning in	Optional
SIMPLE Plan Sponsors May Adopt 401(k) Mid-year	<p>Employers are allowed to replace SIMPLE retirement accounts with safe harbor 401(k) plans during a year. Allows an employer to replace a SIMPLE IRA plan with a SIMPLE 401(k) plan or other 401(k) plan that requires mandatory employer contributions during a plan year. Limits pro-rated based on days in effect. Rollovers into 401(a) or 403(b) plan not subject to 2-year penalty tax.</p>	2024, plan years beginning in	Optional
Hardship rules for 403(b) plans	<p>Conforms the hardship distribution rules for section 403(b) plans to those of section 401(k) plans.</p> <p>In addition to elective deferrals, may distribute, on account of an employee's hardship, qualified nonelective contributions, qualified matching contributions, and earnings on any of these contributions (including on elective deferrals).</p>	2024, plan years beginning in	Optional
Additional SIMPLE Employer Contributions	<p>SIMPLE plans require employer contributions of either 2% of compensation or 3% of employee elective deferral contributions. This provision permits an employer to make additional contributions up to the lesser of 10% of compensation (limited by 401(a)(17)) or \$5,000 (indexed after 2024).</p>	2024, tax years beginning in	Optional

2024 Effective Provisions		Effective Date Notes	Optional, Mandatory, N/A
Increase in SIMPLE Plan limits	This provision increases the annual deferral limits to 110% of the 2024 limit on deferrals (indexed after 2024) in the case of an employer with no more than 25 employees. An employer with 26 to 100 employees would be permitted to provide these higher deferral limits, but only if the employer either provides a 4% matching contribution or a 3% employer contribution. Employer cannot have had plan w/in 3 years. Effective after 2023. Treasury must provide report on SIMPLE Plans.	2024, tax years beginning in	Optional

2025 Effective Provisions		Effective Date Notes	Optional, Mandatory, N/A
Plan Amendment To Conform with SECURE 2.0	Plan amendments due by the end of 2025 (2027 in the case of governmental plans). Also extends SECURE 1.0 and CARES Act amendment deadlines.	December 31, 2025	Mandatory
Automatic Enrollment Required	New 401(k) and 403(b) plans must be EACAs. Must auto-enroll participants at 3-10% and increase the rate by one percent per year to at least 10%, but no more than 15%. Employees have at least 90 days to unenroll and take a distribution of any automatic deferrals. Certain exemption for small or new business, church, and governments.	Effective for plans established after December 29, 2022. Plans established between 12.29.2022 and 1.1.2025 will have to add autoenrollment and auto escalation by 2025 plan year.	Mandatory
Long-term Part-time (LTPT) Worker Modifications	Requires part-time workers who work at least 500 hours per year for two years to be eligible to make employee contributions to an employer's defined contribution retirement plan. Adds provision to ERISA covering 403(b) plans. Such provision ignores service for vesting and eligibility prior to 2023. Changes 401(k) provision, to exclude vesting service prior to 2021. Ensures a safe harbor plan does not lose top heavy exemption solely because LTPT employees are permitted to defer.	Effective for 2025 plan year, but vesting change and top heavy exemption fix effective as if included in the enactment of SECURE 1.0.	Mandatory
Paper Statements Required	Requires at least one quarterly benefit statement to be delivered on paper unless the participant opts-out of the paper requirement. The paper disclosure requirement is once every 3 years for defined benefit plans. No paper required for wired-at-work or those who opt out of paper.	Participants and beneficiaries who first become eligible after 12.31.2025 Other guidance due 12.31.2024	Mandatory
Retirement Savings Lost and Found	Requires the DOL to establish an online searchable database with information on the location of unclaimed vested benefits of missing, lost, and non-responsive participants and beneficiaries in ERISA plans. Information reporting required for plan years beginning at least 2 years after enactment.	Directs the creation of the database no later than 2 years after December 29, 2022	Mandatory

2025 Effective Provisions		Effective Date Notes	Optional, Mandatory, N/A
Pension Plan Lump Sum Window Reporting and Disclosure	Disclosure requirements for lump sum windows plus reporting to DOL and PBGC (before and after the window). Report must be made publicly available.	Regulations not earlier than December 29, 2023; regs applicable not earlier than 1 year after issuance.	Mandatory
Increase in Catch-up Contributions at ages 60-63	Raises catch-up contributions to greater of \$10,000 or 150% of regular catchup limit in 2024 for years in which the participant would attain age 60 through 63 (\$5,000 or 150% of 2025 limit for SIMPLE plans). Indexed after 2025.	2025 plan year	Optional
Distributions for Long-term Care Premiums	Permits DC plans to distribute up to \$2,500 (indexed) per year for the payment of premiums for certain specified long term care insurance. Distributions from plans and IRAs to pay such premiums would be exempt from the additional 10% tax on early distributions. Participant must file premium statement with plan; insurer with Treasury. Treasury must maintain website of certified LTC providers.	December 29, 2025	Optional
403(b) Plan Insurance ETFs	Allows individuals to purchase insurance-dedicated exchange-traded funds (ETFs) through a variable annuity or a private placement life insurance policy.	Effective for segregated asset account investments after December 29, 2029.	Optional
Certain Securities Treated As Publicly Traded In Case Of Employee Stock Ownership Plans.	Allows certain non-exchange traded securities to qualify as “publicly traded employer securities”, making it easier for them to offer ESOPs	2028, plan years beginning in	Optional
Deferral of tax for certain sales of employer stock to S-Corp ESOP	Deferral of tax for certain sales of employer stock to ESOPs. Permits the owner of employer stock issued by an S corporation to defer 10% of long term capital gain from the sale of that stock to an ESOP.	Effective for sales after 2027.	Optional
First Responder Retirement Plan Disability Payment Exclusion	Disability payments to first responders from retirement plans would be excluded from income after reaching retirement age.	Effective for amounts received with respect to taxable years beginning in 2027.	Tax
Enhancement of Saver's Credit; Creation of Saver's Match	Saver's credit will be 50% of up to \$2k in IRA or retirement plan contributions (less distributions to P (or spouse if married filing jointly) in past 3 years + period before return is file). Credit is phased out between \$41,000 and \$71,000 in the case of joint returns (\$20,500 to \$35,500 for single and married filing separate; \$30,750 to \$53,250 for head of household). Thresholds are indexed after 2027. Credit must go into a retirement vehicle unless credit is <\$100. Contribution is generally treated as elective deferral (but doesn't count toward limits and can't be withdrawn for hardship.	2027, tax years beginning in	Tax Credit