

## SECURE 2.0 – Quick Reference Guide

**On December 29, 2022, President Biden signed into law the “Consolidated Appropriations Act, 2023”, which included the “SECURE 2.0 Act”. SECURE 2.0 is a massive package of retirement savings provisions that includes more than 90 provisions.**

The provisions within SECURE 2.0 impact both plan sponsors and participants. This legislation was designed to promote retirement savings and security as well as expand access to retirement plans.

CG Financial Services is committed to providing you with meaningful resources and up-to-date information. We will continue to monitor the impact SECURE 2.0 Act has on our clients. As independent advisors, we can work with the applicable institutions and service providers to help employers and participants achieve their goals.

**See the following sections for a summary of key provisions.**

Provisions Effective by January 1, 2023		
Section	Description	Effective Date
<b>Section 102</b> Modification of credit for small employer pension plan startup costs	Increases the startup credit from 50% to 100% for employers with up to 50 employees. Additional credit provided based on employer contribution.	Taxable years beginning after December 31, 2022
<b>Section 107</b> Increase in age for required beginning date for mandatory distributions	Increases the required minimum distribution (RMD) age to 73 starting on January 1, 2023, and to 75 starting on January 1, 2033.	January 1, 2023 and January 1, 2033
<b>Section 112</b> Military spouse retirement plan eligibility credit for small employers	Provides small employers a tax credit with respect to their defined contribution plans if they allow military spouses to participate with certain requirements.	Taxable years beginning after December 29, 2022
<b>Section 113</b> Small immediate financial incentives for contributing to a plan	Enables employers to offer de minimis financial incentives, not paid for with plan assets, such as low-dollar gift cards, to boost employee participation in workplace retirement plans.	Plan years beginning after December 29, 2022
<b>Section 128</b> Enhancement of 403(b) plans	Changes tax laws to allow 403(b) custodial accounts to participate in collective investment trusts. NOTE: The needed securities law provisions were not included.	Effective after December 29, 2022
<b>Section 201</b> Remove required minimum distribution barriers of life annuities	Eliminates certain barriers to the availability of life annuities in qualified plans and IRAs that arise under current law due to an actuarial test in the RMD regulations.	Calendar years ending after December 29, 2022

Provisions Effective by January 1, 2023		
Section	Description	Effective Date
<b>Section 202</b> Qualifying longevity annuity contracts (QLAC)	Repeals the 25% limit and allows up to \$200,000 (indexed) to be used from an account balance to purchase a QLAC.	Effective for contracts purchased or received in an exchange on or after December 29, 2022
<b>Section 301</b> Recovery of retirement plan overpayments	Allows retirement plan fiduciaries the latitude to decide not to recoup overpayments that were mistakenly made to participants, including retirees. Certain overpayments may also be treated as eligible rollover distributions.	Effective December 29, 2022
<b>Section 302</b> Reduction in excise tax on certain accumulations in qualified retirement plans	Reduces the penalty for failure to take RMDs from 50% to 25%, with a further reduction to 10% if the RMD failure is corrected in a timely manner.	Taxable years beginning after December 29, 2022
<b>Section 305</b> Expansion of Employee Plans Compliance Resolution System (EPCRS)	Expands EPCRS to (1) allow inadvertent errors to be self-corrected within a “reasonable time” and (2) apply to inadvertent IRA errors.	Effective December 29, 2022  Any required guidance shall be promulgated no later than two years after the date of enactment of this act
<b>Section 306</b> Eliminate the “first day of the month” requirement for governmental Section 457(b) plans	Allows participants in governmental 457(b) plans to change their deferral rate at any time, i.e., it is no longer necessary to request a deferral change prior to the beginning of the month in which the deferral was made.	Taxable years beginning after December
<b>Section 311</b> Repayment of qualified birth or adoption distribution (QBAD) limited to three years	Amends the QBAD provision to restrict the recontribution period to three years for distributions made after enactment and to January 1, 2026, for distributions made prior to enactment.	Distributions made after December 29, 2022, and retroactively to effective date of the original SECURE Act for distributions prior to enactment
<b>Section 312</b> Employer may rely on employee certifying that deemed hardship distribution conditions are met	Allows employees to self-certify that they have had an event that constitutes a hardship or unforeseeable emergency for purposes of taking a hardship or unforeseeable emergency withdrawal.	Plan years beginning after December 29, 2022
<b>Section 318</b> Performance benchmarks for asset allocation funds	Directs the U.S. Department of Labor (DOL) to update the fee and investment disclosure regulations within two years after the date of enactment so that investments that use a mix of asset classes, such as target date investments, can be benchmarked against a blend of broad-based securities market indices.	Effective December 29, 2022
<b>Section 320</b> Eliminating unnecessary plan requirements related to unenrolled participants	Eliminates requirement for employers to provide certain annual ERISA or code notices to unenrolled participants who have not elected to participate in a workplace retirement plan provided they receive disclosures initially and a subsequent annual reminder of the right to enroll.	Plan years beginning after December 31, 2022
<b>Section 331</b> Special rules for use of retirement funds in connection with qualified federally declared disasters	Provides permanent rules relating to the use of retirement funds in the case of a federally declared disaster.	Disasters occurring on or after January 26, 2021

Provisions Effective by January 1, 2023		
Section	Description	Effective Date
<b>Section 601</b> SIMPLE and SEP Roth IRAs	Allows SIMPLE IRAs to accept Roth contributions. Also allows employers to offer employees the ability to treat employee and employer SEP contributions as Roth (in whole or in part).	Taxable years beginning after December 31, 2022
<b>Section 604</b> Optional treatment of employer matching or nonelective contributions as Roth contributions	Allows defined contribution plans to provide participants with the option of receiving matching and qualified nonelective contributions on a Roth basis.	Effective for contributions made

Provisions Effective by January 1, 2024		
Section	Description	Effective Date
<b>Section 110</b> Student loan matching	Permits an employer to make matching contributions under a 401(k) plan, 403(b) plan, governmental 457(b) plan, or SIMPLE IRA with respect to “qualified student loan payments.”	Plan years beginning after December 31, 2023
<b>Section 115</b> Penalty-free withdrawals for certain emergency expenses	Provides an exception to the early withdrawal penalty for distributions up to \$1,000 annually used for emergency expenses. A taxpayer has the option to repay the distribution within three years.	Distributions made after December 31, 2023
<b>Section 117</b> Contribution limit for SIMPLE plans	Increases the annual deferral limit and the catch-up contribution limit at age 50 by 10% in SIMPLE IRAs, as compared with the limit that would otherwise apply in the first year this change is effective.  Employees with 26 to 100 employees: Employers permitted to provide higher deferral limits, but only if the employer either provides a 4% matching contribution or a 3% employer contribution.  Makes similar changes to contribution limits for SIMPLE 401(k) plans.	Taxable years beginning after December 31, 2023
<b>Section 120</b> Prohibited transaction exemption for certain automatic portability transactions	Permits a retirement plan service provider to provide employer plans with automatic portability services. Such services involve the 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 affirmatively elects otherwise.	Effective for transactions occurring on or after December 29, 2023 (12 months after enactment)
<b>Section 121</b> Starter 401(k) plans for employers with no retirement plan	Permits an employer that does not sponsor a retirement plan to offer a starter 401(k) plan (or safe harbor 403(b) plan) with simplified requirements and lower contribution limits.	Plan years beginning after December 31, 2023

Provisions Effective by January 1, 2024		
Section	Description	Effective Date
<b>Section 127</b> Emergency savings accounts linked to individual account plans	Provides employers the option to offer to their non-highly compensated employees' pension-linked emergency savings accounts. Contributions are treated as Roth and are prohibited once the account balance meets or exceeds \$2,500 (indexed). Auto-enrollment and match are permitted, subject to conditions.	Plan years beginning after December 31, 2023
<b>Section 304</b> Updating dollar limit for mandatory distributions	Increases the amount that plans can require to be distributed without consent from \$5,000 to \$7,000.	Distributions made after December 31, 2023
<b>Section 314</b> Penalty-free withdrawals for victims of domestic abuse	Allows retirement plans to permit participants that self-certify that they experienced domestic abuse to withdraw up to the lesser of \$10,000 indexed (or 50% of the vested balance) within one year of incident without penalty.	Distributions made after December 31, 2023
<b>Section 325</b> Roth plan distribution rules	Eliminates pre-death RMDs from Roth accounts in employer plans.	Taxable years beginning after December 31, 2023. (Note: Change does not apply to distributions required with respect to years beginning before January 1, 2024, but payable on or after such date.)
<b>Section 602</b> Hardship withdrawal rules for 403(b) plans	Conforms the hardship rules for 403(b) plans to those for 401(k) plans	Plan years beginning after December 31, 2023
<b>Section 603</b> Elective deferrals generally limited to regular contribution limit	Provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. An exception is provided for employees with wages of \$145,000 or less (indexed) in the prior year.	Taxable years beginning after December 31, 2023

Provisions Effective by January 1, 2025		
Section	Description	Effective Date
<b>Section 101</b> Expanding automatic enrollment in retirement plans	Requires autoenrollment and autoescalation for all 401(k) and 403(b) plans (with certain exceptions for collective bargaining plans, church plans, and governmental plans, as well as plans established on or before December 29, 2022). The initial automatic enrollment amount is at least 3% but not more than 10%. Each year thereafter, that amount is increased by 1% until it reaches at least 10%, but not more than 15%.	Plan years beginning after December 31, 2024
<b>Section 109</b> Higher catch-up limit to apply at ages 60, 61, 62, and 63	Increases catch-up limits to the greater of \$10,000 (\$5,000 for SIMPLE plans) or 50% more than the regular catch-up amount in 2025 for individuals who have attained ages 60, 61, 62, and 63. The increased amounts are indexed for inflation after 2025.	Taxable years beginning after December 31, 2024

Provisions Effective by January 1, 2025		
Section	Description	Effective Date
<b>Section 125</b> Improving coverage for part-time workers	Reduces to two years (from three years) the requirement to allow long-term, part-time workers to participate in employers' 401(k) plans and extends these rules to ERISA-covered 403(b) plans.	Plan years beginning after December 31, 2024
<b>Section 303</b> Retirement savings lost and found	Requires DOL to create and administer a national online searchable lost and found database for Americans' retirement plans; requires plan administrators to provide annual reporting of disposition of balances for vested terminated participants.	Directs the creation of the database no later than two years after the date of enactment of this act

Provisions Effective by January 1, 2026		
Section	Description	Effective Date
<b>Section 338</b> Requirement to provide paper statements in certain cases	Amends ERISA to generally provide that, with respect to defined contribution plans, unless a participant elects otherwise, the plan is required to provide a paper benefit statement at least once annually.	Plan years beginning after December 31, 2025

Provisions Effective by January 1, 2027		
Section	Description	Effective Date
<b>Section 103</b> Saver's Match	Changes the saver's credit (applicable to tax obligations) to a federal "match" deposited into a taxpayer's IRA or retirement plan that accepts such contributions; increases eligibility for the saver's match.	Taxable years beginning after December 31, 2026

**Let our team help you navigate the SECURE 2.0 Act.**

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