SECURE Act 2.0

Overview

On December 29, 2022, SECURE Act 2.0 was signed into law as part of the Consolidated Appropriations Act of 2023. "SECURE 2.0" follows the SECURE Act of 2019 and is the second major piece of legislation impacting qualified retirement plans since the Pension Protection Act of 2006. SECURE 2.0 has a broad range of new provisions (90+ in total) and includes significant changes designed to help close existing gaps across the retirement system. In many cases, these provisions extend the reforms and initiatives started nearly two decades ago with the Pension Protection Act, as well as with SECURE 1.0 and the CARES Act. Certain provisions reflect how competing financial responsibilities are interconnected with retirement savings and provide new mechanisms to help individuals manage pressing financial needs within their retirement plan

Key Provisions	
Student loan match eligibility	Plan sponsors in 401(k), 403(b) and governmental 457(b) plans can make matching contributions to employees for "qualified student loan payments" made by the employee to pay qualified higher education expenses.
Emergency savings account linked to retirement plans	Individual account plans can offer non-highly compensated employees emergency savings accounts linked to their plan. • Contributions are capped at $2,500 (or lower as set by the employer). • Contributions are made on a Roth after-tax basis and are treated as elective deferrals for purposes of matching contributions (matches are not made in the emergency savings account) • Participants can be auto-enrolled at no more than 3% of their salary • Amounts must be able to be withdrawn at least once a month; the first four withdrawals each year may not be subject to fees. • Contributions must be invested in cash, interest bearing deposits or principal preservation accounts
Employer contributions may be treated as Roth contributions	Plans may permit participants to designate employer matching or non-elective contributions as Roth contributions (if fully vested when made).
Saver's Match	Changes the saver's credit to a government matching contribution to an individual's retirement plan or IRA. The pre-tax match is generally up to 50% of contributions (with income phase-outs), based on a maximum contribution eligible for a match of $2,000 per individual.
Automatic portability	Statutory exemption under Section 4975 of the Internal Revenue Code for transactions involving auto-portability services where a participant's default IRA is automatically transferred to the participant's new employer retirement plan (subject to an opt-out). The exemption is subject to a number of conditions and additional guidance from the DOL.

Investment advice offered through Global Retirement Partners, LLC (GRP) a registered investment advisor.
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Key Provisions Continued

Key Features	
Unenrolled participants	Eliminates requirement for plan sponsors to send intermittent notices to unenrolled participants who have not elected to participate in a plan; requires an annual notice of eligibility during annual enrollment and providing any document so entitled upon request.
Qualifying longevity annuity contracts (QLACs)	Expands availability of QLACs by: • Allowing QLAC premiums up to $200,000 (indexed) rather than $125,000 (indexed) and repealing the 25% limit • Allowing QLACs to include certain spousal survival rights • Providing up to 90-day "free-look" period
Removal of RMD barriers to lifetime income	Modifies the RMD rules to address certain barriers to the availability of lifetime annuity features in retirement plans, such as certain lump sum payments and annual payment increases at a modest rate for commercial annuities.
Small employer plan startup credits	Increases credit to 100% of qualified start-up costs for employers with up to 50 employees. Provides a new credit for 5 years of up to $1,000 per employee based on a percentage of employer contributions (other than for defined benefit plans) (with phase-outs for employers between 51-100 employees). Contributions to employees with wages greater than $100,000 are not included.
Starter 401(k) plans	Starter 401(k) plan type intended for employers not currently offering a retirement plan. Features include: • Required auto-enrollment at a minimum of 3% deferral rate • Contributions capped at $6,000 with an additional $1,000 beginning at age 50

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Timeline

Effective for 2023
- Enhanced start-up credit for new small employer plans
- Rothification of match and non-electives contributions
- Increase in RMD age (from age 72 to 73)
- Qualified Longevity Annuity Contract revisions (regulations within 18 months)
- Small financial incentives for contributing to a plan
  Notices to unenrolled participants
- Self-certification for hardship
- Removing RMD barriers for life annuities
- Reducing 50% penalty tax on late RMDs (from 50% to 25%)
- IRA charitable distribution one-time election
- Start-up credit available to those who join a MEP
- Terminally ill distribution tax penalty exemption
- PEP trustee duty modification
- 403b plans can join MEPs/PEPs
- Annual audit requirement for group of plans
  Recovery of retirement overpayments
- Repayment of qualified birth or adoption distribution limited to three years

Effective for 2024
- Student loan match eligibility
- Emergency savings account
- Emergency distribution provision (up to $1000 per year)
- Catch-up required to be converted to Roth
- Auto-portability
- Rollover of Excess 529 assets to Roth IRA
- Domestic abuse related distributions
- Conforming 403b and 401(k) hardship rules

Effective for 2024 (continued…)
- Roth 401(k) exempt from RMD requirements
- Starter 401(k) plans
- New cash out limit (from $5k to $7k)
- Indexing IRA catch-up limit
- Surviving Spouse can elect to be treated as employee for purposes of RMDs
- Performance benchmarks for asset allocation funds (regulations within 2 years)
- New lost and found database (within 2 years after enactment)

Effective for 2025
- Automatic enrollment required for new plans
- Higher catch-up limit for those age 60 – 63
- Long-term part-time workers reduction to two years
- LTC contracts purchased with retirement plan distributions (3 years after enactment)

Effective for 2026
- Annual paper statement requirement

Effective for 2027
- New Savers Match

Effective for 2028
- Certain ESOP provisions

Effective for 2029
- Insurance-dedicated ETFs

Retroactive Provisions
- Start-up credit available to those who join a MEP (to 2020)
- Qualified federally declared disasters rules (to 1/26/2021)