



SECURE 2.0 Provisions Relevant to ERISA Plans

Please note that this chart is provided for informational purposes only and is not intended to be legal advice. This chart is based on information available just weeks after enactment. Further clarification of this new law will be forthcoming and technical and other corrections remain possible in the future.

PROVISION	SUMMARY	MANDATORY OR OPTIONAL	EFFECTIVE DATE
Required Minimum Distribution (RMD) Age Change	Section 107 increases the RMD age to 73 in 2023 and 75 in 2033.	Mandatory	2023
Excise Tax Reduction for Failing to Take Required Minimum Distribution (RMD)	Section 302 reduces the penalty for not taking your RMD from 50% to 25%. As a service to you, GuideStone® automatically distributes the RMD from your 403(b) or 401(k) account to ensure you avoid the IRS penalty.	Mandatory	2023
Interest Crediting for Cash Balance Plans	Section 348 limits the interest rate credit to 6% to prevent backloading.	Mandatory	2023
De Minimis Incentives to Contribute	Section 113 allows employers to offer de minimis financial incentives to boost employee participation in their retirement plan. The incentives cannot come from plan assets.	Optional	2023
Collective Investment Trusts (CIT) for 403(b)s	Section 128 allows 403(b) plans to invest in CITs.	Optional	2023
Expansion of Employee Plans Compliance Resolution System (EPCRS)	Section 305 allows self-correction of more plan administrative errors.	Optional	2023
Recovery of Retirement Plan Overpayments	Section 301 provides an option to not pursue overpayment and preserves the tax status of rollovers or overpayments.	Optional	2023
403(b) Multiple Employer Plans (MEPs) and Pooled Employer Plans (PEPs) are Permitted	Section 106 allows 403(b) MEPs and PEPs. This does not apply to church plans.	Optional	2023
Removing RMD Barriers to Commercial Annuities	Section 201 allows flexibility in the design of commercial annuities purchased under a plan. This includes increasing annuities with limits, such as annual increases up to 5%.	Optional	2023
Qualified Longevity Annuity Contract (QLAC) Changes	Section 202 repeals the 25% QLAC premium limit, and increases the limit to \$200,000. It also facilitates the retention of survivor benefits in cases involving joint life payments and divorce.	Optional	2023
Aggregation of Accounts for RMDs	Section 204 allows members in a partially annuitized account to have their RMD calculated based on the total account value of their defined contribution plan(s).	Optional	2023
Qualified Birth or Adoption Distribution (QBAD) Re-contribution Period Changed to 3 years	Section 311 limits the time to pay back QBADs to 3 years.	Optional	2023 and retroactive to past distributions
Self-certification for Hardship Distributions	Section 312 allows employees to self-certify that they meet the IRS conditions for a hardship distribution.	Optional	2023
Penalty Exemption for the Terminally Ill	Section 326 provides an exemption to the 10% early withdrawal penalty in the case of a	Optional	2023

	distribution to an employee with a terminal illness, as determined by a physician.		
Special Rules for Use of Retirement Funds in Connection with Disasters	Section 331 allows retirement withdrawals up to \$22,000 in the event of a qualified federally declared disaster. Withdrawals will not be subject to the 10% early withdrawal penalty and can be repaid into the plan within 3 years. This provision also increases the maximum loan amount available and extends the loan repayment period.	Optional	Disasters on or after January 26, 2021
Roth Treatment for Employer Contributions	Section 604 allows employees to elect to receive employer contributions (either matching and/or non-matching) as a Roth contribution in a 403(b) and 401(k). Employees must be fully vested to receive employer Roth contributions.	Optional	2023
Surviving Spouse can be Treated as an Employee	Section 327 allows surviving spouses to elect to treat their 403(b) or 401(k) as their own for RMD purposes. Prior to SECURE 2.0, a surviving spouse had to roll the account into their own IRA to take advantage of this option.	Mandatory	2024
RMDs for Roth Employer-sponsored Accounts	Section 325 eliminates RMDs on Roth-designated accounts in an employer-sponsored retirement plan (401(k) or 403(b)). Prior to SECURE 2.0, Roth dollars in an employer-sponsored plan were included in the annual RMD calculation.	Mandatory	2024
Student Loan Employer-matching	Section 110 allows employees to receive employer-matching contributions when they make qualified student loan payments.	Optional	2024
Penalty Exemption for Emergency Withdrawals up to \$1,000	Section 115 provides an exemption to the 10% early withdrawal penalty in the case of unforeseeable emergency expenses of up to \$1,000 per year. The withdrawal may be repaid within 3 years.	Optional	2024
Mandatory Cash-outs	Section 304 increases the mandatory cash-out limit for vested account balances to \$7,000. This applies to both defined benefit and defined contribution plans.	Optional	2024
Emergency Savings Accounts Linked to Employer-sponsored Retirement Plans	Section 127 allows retirement plans to offer non-highly compensated employees the option to contribute to, and access funds from an emergency savings account. The limit for the accounts is \$2,500, and the maximum contribution amount is 3% of the employee's salary.	Optional	2024
Distributions for Victims of Domestic Abuse	Section 314 allows employees who are victims of domestic abuse to withdraw a small amount of money that will not be subject to the 10% early withdrawal penalty. Withdrawals can be up to \$10,000 (indexed) or 50% of the employee's account balance.	Optional	2024
Top-heavy Test	Section 310 allows employers to exclude certain employees from testing. This applies only to 401(k) plans.	Optional	2024
Retirement Savings Lost and Found	Section 303 establishes an online national searchable database for lost retirement plan assets. This applies only to plans with vesting standards of ERISA Section 203.	N/A	To be created before 2025

Performance Benchmarks for Asset Allocation Funds	Section 318 directs the Department of Labor to issue regulations for benchmarks for allocated funds (like target date funds).	N/A	To be created before 2025
Safe Harbor Corrections for Employee Contribution Failures	Section 350 allows employers with automatic enrollment plans to correct employee contribution mistakes. They will have a 9½ month grace period after the plan year ends to correct the mistakes.	Optional	2024
Hardship Withdrawal Rules for 403(b)s	Section 602 conforms 403(b) hardship rules with 401(k)s.	Optional	2024
Automatic Transfer of Rollover for "Default" IRAs	Section 120 allows retirement providers to utilize automatic portability services in which funds from a "default" IRA can be rolled into the new employer's plan (and providers may receive fees for the transaction), unless the participant elects otherwise.	Optional	2024
529 Balance Rollover	Section 126 allows 529 account beneficiaries to make penalty-free rollovers to a Roth IRA.	Optional	2024
Long-Term, Part-Time (LTPT) Employee Coverage	Section 125 requires coverage for LTPT employees who have two consecutive years working 500-999 hours. This applies to ERISA 401(k)s and 403(b)s, not church plans.	Mandatory	2025
Automatic Enrollment Mandatory for New Plans	Section 101 requires new 401(k) and 403(b) plans to incorporate mandatory automatic enrollment provisions. This does not apply to church plans.	Mandatory	2025
Catch-up Limit Increase	Section 109 allows employees ages 60-63 to make catch-up contributions up to the greater of \$10,000 (indexed) or 50% more than the regular catch-up amount in 2025.	Mandatory	2025
Rollover Notices	Section 324 directs the Secretary of Treasury to issue simplified sample rollover forms.	Optional	2025
Long-term Care Contracts Purchased with Retirement Plan Distributions	Section 334 permits a qualified plan to distribute up to \$2,500 per year (indexed) for a participant's payment of premiums for long-term care contracts. It also exempts distributions from the 10% early withdrawal penalty tax.	Optional	2026
Roth Catch-up Contributions for High Earners	Section 603 requires catch-up contributions into an employer-sponsored retirement plan to be designated as Roth for employees with wages exceeding \$145,000 (indexed) in the prior year. If a plan does not offer Roth contributions, their catch-up provision must be eliminated.	Mandatory	2026
Paper Plan Statements	Section 338 requires paper statements once per year for defined contribution plans and once every three years for defined benefit plans.	Mandatory	2026
Saver's Match Replaces Saver's Credit	Section 103 discontinues the Saver's Credit for individuals who fall below a certain income level and introduces a federal matching contribution into an IRA or employer-sponsored retirement plan for those who are eligible.	Optional	2027