



SECURE 2.0

A Quick Reference Guide



A Quick Reference to the SECURE 2.0 Act of 2022

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Executive Summary

This is a massive piece of legislation. There are 92 provisions and they are almost universally good, with “good” being defined as “helpful to the cause of promoting retirement security.” In particular, our country is growing increasingly serious about closing the coverage, participation, and savings gaps and the social equity disparities that exist with respect to those gaps. Thus, SECURE 2.0 contains powerful new provisions for making the private, employer-based retirement system a success for more workers than ever before.

In keeping with the head-scratching nature of the U.S. political process, near-unanimous bipartisan support is insufficient to merit a stand-alone Bill, so SECURE 1.0 was part of the Further Consolidated Appropriations, 2020 Act and SECURE 2.0 is “Division T” of the Consolidated Appropriations Act, 2023. At the time this is published, the Bill has just been signed into law by President Biden, and some of its provisions are effective immediately (i.e., 1/1/23 or before), so now is a good time for the retirement industry to get familiar with the new rules.

SECURE 2.0 is not the end—there will be more retirement legislation in the coming years. But the combination of SECURE 1.0 and 2.0 with the growth in state retirement mandates (and a possible future federal mandate) presents us with a toolset that, we predict, will play a major role in spurring a wave of new plan formation among small businesses and rising participation and savings rates across the system.

Top 10 Highest-Impact Provisions

No.	Sec.	Summary
1	102	“Mostly free” plan startup costs due to large increase in tax credits
2	111	“Mostly free” credits can be used to join PEPs and other MEPs
3	121	“Starter 401(k)” or 403(b)—a simple, deferral-only safe harbor design
4	101	Mandatory auto-enrollment and auto-escalation for new plans
5	103	“Saver’s match” deposited by Treasury into workers’ accounts
6	106	403(b) pooled employer plans (PEPs)
7	127, 115	Emergency savings “sidecar” accounts and penalty-free withdrawals
8	110	Student loan matching without hurting nondiscrimination testing
9	345	“Group of Plans” (GoP) audits must be employer-by-employer
10	Various	A long list of simplifiers for things like notices, top heavy, and corrections

Top 5 New Burdens

No.	Sec.	Summary
1	All	Massive systems updates while we’re still not done with SECURE 1.0
2	125	Long-term, part-time employees eligible for deferrals in 2 years, not 3
3	127	Sidecar emergency savings accounts are great but a heavy lift to build
4	603	Catch-up contributions must be Roth if income is above \$145,000
5	338	One participant statement per year must be paper

Chart Summarizing SECURE 2.0 Provisions

The goal of the chart is a concise summary of all provisions. For more details see the [summary prepared by Congress](#), or the [actual text of the Act](#) (starting on page 2046).

Sec.	Description	Summary
101	Expanding auto-enroll	Auto-enroll is mandatory for new plans at 3-10% with auto-escalation to 10-15%. For employers with 11+ employees in business for 3+ years. Existing plans are grandfathered. Starting 2025.
102	Startup cost credit increase	The tax credit for starting a new plan goes from 50% to 100% per year for 3 years, max \$5,000/year, for employers with 50 or fewer employees (50% to \$5,000/year for 51-100 employees). Also, there is a new credit for up to \$1,000 of employer matching. The practical effect is that starting a retirement plan can be “free” or nearly so for many small employers. ¹
103	Saver's Match	The nonrefundable credit for contributions to IRAs, employer retirement plans, and ABLE accounts is replaced by a federal matching contribution deposited into the taxpayer's plan by the Treasury (somehow ²), up to \$2,000. The match phases out at certain income thresholds. Effective 12/31/26.
104	Saver's Match Awareness Campaign	Treasury will conduct an educational campaign—they must report to Congress on their plan by 7/1/2026.
105	PEP “payroll trustee” modification	PEPs may appoint any named fiduciary, not just a trustee, as the party responsible for “reasonable, diligent, and systematic” contributions collection procedures.
106	403(b) MEPs	403(b) MEPs, including PEPs, are affirmatively permitted beginning after 12/31/22 (i.e., immediately).
107	RMD age increase	Required Minimum Distribution age is increased to age 73 starting on January 1, 2023 and age 75 starting on January 1, 2033.
108	Indexing IRA catch-up limit	IRA catch-up limit for those age 50 and older is inflation-indexed after 12/31/23.
109	Higher catch-up limit at ages 60-63	Catch-up contributions increase to \$10,000 in 2025 (possibly more under inflation indexing) for participants aged 60-63 (i.e., attained age for the entire tax year is at least 60 and not yet 64).
110	Matching student loan payments	Employees making “qualified student loan payments” can have those payments matched in the retirement plan

¹ “Free” is a dangerous word, but it is accurate to say that many small employers will have zero out of pocket cost in the first three years and the plan may be able to defray the costs thereafter. In that sense the plan will be free to the employer without having to shift startup costs to participants.

² This will require an extraordinary feat of national data integration.

Sec.	Description	Summary
		without hurting the employer's nondiscrimination testing starting in 2024.
111	Credit for small employers joining MEPs	Employers get the startup credit when joining a MEP, not just when starting their own plan. There was some doubt about this under SECURE 1.0.
112	Small employer military spouse credit	Small employers who provide for faster eligibility and vesting for employees whose spouses are in the uniformed services (since such spouses may move frequently and often miss out on contributions) can get a small tax credit (up to \$500). Begins 2023.
113	Incentives for contributing	Employers may offer de minimis financial incentives, not paid from plan assets, to boost employee participation in retirement plans (e.g., low-dollar gift cards). Begins 2023.
114	S corp ESOP stock sales	S corp owners may defer recognition of gains up to a 10% limit for sales to an ESOP (previously only for C corps). Begins 2028.
115	No penalty for emergency withdrawals	The additional 10% tax applied to early distributions is waived for unforeseeable personal or family emergency expenses. One distribution of up to \$1,000 per year with the option to repay within 3 years. Begins 2024.
116	SIMPLE nonelective contributions	Employers may make additional discretionary contributions to SIMPLEs of up to 10% (max \$5,000, indexed). Begins 2024.
117	SIMPLE contribution limit and data collection	Annual deferral and catch-up limits to SIMPLE plans are increased by 10% starting 2024. Details are a bit complex. Also, Treasury will provide a report on SIMPLE data by the end of 2024.
118	SEP contributions for domestic workers	Employers of domestic employees (e.g., nannies) may provide benefits under a SEP. Begins 2023.
119	415 limit for rural electric cooperatives	The compensation-based limit is eliminated for participants who are non-HCEs in a rural electric cooperative retirement plan.
120	Force-out IRA auto-portability	Force-out IRAs can be rolled automatically into a new employer's plan unless the participant opts out. Begins 12 months after enactment.
121	Starter 401(k) and 403(b) plans	Employers not offering a retirement plan may offer starter 401(k) or 403(b) plans (which can also be elements within a PEP or other MEP) with employees enrolled by default at a 3 to 15% deferral rate. Annual deferral limit is the same as IRA contribution limits. Begins 2024.
122	Lost savings bonds owners	The Treasury Secretary must share certain relevant information regarding savings bonds with states to facilitate the abandoned property recovery process.

Sec.	Description	Summary
123	Non-publicly traded securities in ESOPs	ESOP rules updated to permit more ESOP stocks to be considered “publicly traded employer securities.” Begins 2028.
124	ABLE program age requirement	Increases the age by which certain disabilities must occur to qualify for an ABLE account. Begins 2026.
125	Long-term, part-time workers (LTPT)	The 3 year LTPT rule is reduced to 2 years (i.e., employees working 500+ hours in 2 consecutive years must be eligible to defer). LTPT rules are also extended to ERISA 403(b) plans. Begins 2025 (vs. 2024 under SECURE 1.0).
126	529 rollovers to Roth IRAs	Beneficiaries of 529 college savings accounts are permitted tax and penalty free rollovers of up to \$35,000 over their lifetime from 529 accounts to ROTH IRAs under certain conditions. Begins 2024.
127	Pension-linked (“sidecar”) emergency savings accounts	Employers may automatically opt NHCEs into emergency savings accounts at no more than 3% of salary with a \$2,500 cap. Contributions over the limit can be directed to a Roth account or stopped. Contributions are treated as Roth elective deferrals and may be matched up to the cap. Up to 4 no-fee, no-tax withdrawals available per year. Upon separation from service, account balance may be taken as cash or rolled into a Roth plan or IRA. Begins 2024, but this is a big, complex, high-impact provision that will have lengthy Treasury and Labor regulations, so implementation will be tricky and 2024 is probably optimistic.
128	403(b) CITs	403(b) plans are permitted to participate in collective investment trusts with other tax-preferred plans...sort of. There are still securities law issues to overcome that did not make it into the final Bill, so CITs will remain unavailable in 403(b)s for now.
201	RMD life annuities	Eliminates certain barriers to the availability of life annuities in qualified plans and IRAs. Begins 2023.
202	QLACs	The 25% of account balance limitation is removed and the cap raised to \$200,000 that may be taken from a plan to purchase a qualified longevity annuity contract. Begins immediately.
203	Insurance-dedicated ETFs	A new type of ETF is created that is “insurance-dedicated” to allow individual variable annuities to participate in the investment. Effective 7 years after enactment.
204	Account aggregation for RMD	Account owners are permitted to aggregate distributions from their accounts’ annuity portions and regular account holdings for purposes of determining minimum distributions. Effective immediately.
301	Overpayment recovery	Retirement plan fiduciaries are granted latitude to decide not to recoup overpayments mistakenly made to retirees. If the decision is made to recoup overpayments,

Sec.	Description	Summary
		limitations are in place to protect plan retirees. Effective immediately.
302	RMD excise tax reduction	Penalty for failure to take required minimum distributions is decreased from 50% to 25% and decreased even further to 10% if the failure is corrected timely. Begins 2023.
303	Retirement savings lost and found	A national online database at DOL is created within 2 years of enactment to enable those who may have lost track of their retirement plan to search for the contact information of plan administrators.
304	Force-out limit increase	Force-out amount is increased from \$5,000 to \$7,000 for distributions made after 12/31/23.
305	EPCRS expansion	EPCRS ³ is expanded to allow more types of errors to be self-corrected. Effective immediately with regulatory guidance to follow within no more than 2 years.
306	457(b) "first day of the month" change	Participants in governmental 457(b) plans may make deferral changes at any time prior to the date that the compensation being deferred is available. Begins 2023.
307	IRA charitable donations	The IRA charitable distribution provision is expanded to allow for one-time \$50,000 distributions to charities. Annual IRA charitable distribution limit of \$100,000 is now indexed for inflation. Effective for taxable years ENDING after the date of enactment, which means the higher limits are available in 2022 (assuming the Bill is signed into law before year end).
308	Firefighter distributions	Age 55 exception for public sector firefighters is expanded to include private sector firefighters. Begins immediately.
309	First responder disability payments	First responders are permitted to exclude service-connected disability pension payments from gross income after reaching retirement age. Begins 2027.
310	Top-heavy test application	The top-heavy test is now permitted to test non-excludable and excludable employees separately, removing a source of surprise expenses for small businesses and paving the way for employers to allow workers to begin deferral contributions earlier. Begins 2024.
311	Qualified birth or adoption distributions repayment	The payback period for distributions made to participants under the qualified birth or adoption provision is restricted from no time limit to 3 years. Effective immediately and (to a degree) retroactively.
312	Hardship withdrawal self-certification	Participants may self-certify that they had a qualified event that constitutes the need for a hardship withdrawal. Begins 2023.
313	Statute of limitations for excise tax	Changes made to ensure there is a reasonable period of limitations for violations of which taxpayers were not

³ Employee Plans Compliance Resolution System, the IRS program for plan corrections

Sec.	Description	Summary
		aware and therefore did not file an excise tax return. Effective immediately.
314	Penalty-free withdrawal for cases of domestic abuse	Domestic abuse survivors may withdraw the lesser of \$10,000 (indexed for inflation) or 50% of their account. Distributions made under this rule are not subject to the early withdrawal penalty and can be repaid to the account over 3 years with a refund for taxes paid on that money. Begins 2024.
315	Family attribution rule reform	Stock attribution rules are updated to address inequities between spouses living in separate property states vs. community property states. Also, the attribution of stock between parents and minor children is modified to remove the sometimes absurd circumstance in which totally unrelated businesses of parents are treated as having a single plan. Begins 2024.
316	Amendment deadline change	Discretionary plan amendments that increase participants' benefits are permitted to be adopted by the due date of the employer's tax return. Begins 2024.
317	Sole proprietor 401(k) deferrals	New 401(k) plans sponsored by sole proprietors or single-member LLCs may allow certain deferral contributions up to the date of the employees' tax return filing date for the first year of the plan. Effective 2023.
318	Asset allocation funds benchmarking	DOL is to update its regulations no later than two years after enactment of this Act to allow benchmarking for asset allocation funds against a blend of broad-based securities market indices, provided those meet certain requirements.
319	Reporting and disclosure recommendations	The Treasury Department, DOL, and PBGC shall review reporting and disclosure requirements for pension plans as soon as practicable and make recommendations to Congress to improve such requirements within 3 years.
320	Unnecessary notices	Employers are no longer required to provide certain intermittent ERISA or Code notices to unenrolled participants provided they send an annual reminder notice of the employee's eligibility and any otherwise required documents requested by the employee. Begins 2023.
321	Pension risk transfer interpretive bulletin review	DOL shall review the current interpretive bulletin governing pension risk transfers to determine if amendments are warranted and will report to Congress its findings.
322	IRA prohibited transactions	Prohibited transactions in IRAs will be attributed only to the specific IRA in the case of an individual with multiple IRAs. Begins 2023.

Sec.	Description	Summary
323	Substantially equal periodic payments rule	Substantially equal life expectancy periodic payments will continue to be exempt from the 10% additional tax, including in the case of a rollover of the account, an exchange of the annuity, or an annuity that satisfies the required minimum distribution rules. Begins 2024 (but immediately in the case of annuity distributions).
324	Rollover simplification guidance	The Treasury Secretary shall simplify and standardize the rollover process and issue sample forms for direct rollovers to be released no later than January 1, 2025.
325	Roth plan distribution rules	The pre-death distribution requirement for Roth accounts in employer plans is eliminated beginning after 12/31/23.
326	Early distribution rules when terminally ill	Early distributions to terminally ill individuals will be exempt from the additional 10% tax. Begins immediately.
327	Surviving spouse election	Surviving spouses may elect to be treated as the deceased employee for required minimum distribution purposes. Begins 2024.
328	Public safety officer insurance premium payments	Distributions made from governmental plans to public safety officers are no longer required to be made directly to the insurance company.
329	Public safety officer distribution age requirement	Distributions made from governmental plans to public safety officers with at least 25 years of service are exempt from the 10% additional tax. Begins immediately.
330	Corrections officer exception	The public safety officer exception to the 10% early distribution tax is extended to corrections officers who are employees of state and local governments.
331	Qualified federally declared disaster distributions	Standardized rules for disaster relief so that Congress no longer needs to pass special relief for every disaster. Up to \$22,000 may be distributed from employer retirement plans or IRAs without the additional 10% tax, can be accounted for as gross income over 3 years, and may be paid back to the plan. Amounts distributed prior to the disaster to purchase a home can be recontributed. Employers may permit larger amounts to be borrowed by affected individuals and for additional time of repayment. Effective for disasters beginning after 1/26/21.
332	SIMPLE change to safe harbor 401 (k)	Employers are permitted to replace SIMPLE IRA plans with safe harbor 401 (k) plans during a plan year. Begins 2024.
333	Elimination of additional tax on excess IRA contributions	Excess IRA contributions and earnings allocable to those contributions are exempt from the 10% additional tax on early distributions.
334	Long-term care contract payments	Distributions up to \$2,500/year for the payment of premiums for certain long-term care insurance contracts

Sec.	Description	Summary
		are exempt from the 10% early distribution tax. Begins 3 years after enactment.
335	Mortality table correction	The Treasury Secretary shall amend the regulation affecting minimum funding rules for pension plans to reflect plans are not required to assume mortality improvements at any age greater than 0.78%. Effective immediately with regulations required within 18 months.
336	402(f) effectiveness report	The Government Accountability Office shall issue a report to Congress on the effectiveness of 402(f) notices.
337	Special needs trust RMDs	Special needs trusts established for beneficiaries with disabilities may provide for a charitable organization as the remainder beneficiary. Begins 2023.
338	Paper statement requirement	DC plans must provide one paper statement per year and DB plans must provide a paper statement once every 3 years. Begins 2026.
339	Tribal court QDROs	Tribal courts are now authorized under federal law to issue qualified domestic relations orders.
340	Plan fee disclosure improvements	DOL shall review its fiduciary disclosure requirements for participant-directed plans and provide a report of such to Congress within 3 years.
341	Plan notice consolidation	Treasury and DOL shall amend regulations within 2 years to allow for consolidation of certain plan notices.
342	Risk mitigation information	Plan administrators must provide information to participants comparing benefits of leaving money in the plan or taking a lump sum. Probably effective 2025 or later, depending on issuance of DOL regulations.
343	DB annual funding notices	The annual funding notice for pension plans is required to identify funding issues more clearly. Begins 2024.
344	DOL PEP reports every 5 years	The DOL Secretary shall conduct a study on the PEP industry and provide a report within 5 years and every 5 years thereafter.
345	GoP annual audits	Participating employers with fewer than 100 employees and within a GoP are not required to submit an audit opinion. The significance of this provision is that it ends speculation as to whether a GoP could have a single audit for the entire GoP, as in a PEP or other MEP, instead of separate audits being required for all audit-sized member plans.
346	WORK Act	New funds authorized to be appropriated for employee ownership program grants under the WORK Act for fiscal years 2025 to 2029.
347	Inflation impact report	DOL and Treasury shall study the impact of inflation on retirement savings and report to Congress the findings.

Sec.	Description	Summary
348	Cash balance interest crediting rate rule	Clarification of the Code and ERISA rules prohibiting backloading of benefit accruals to allow plan sponsors to provide larger pay credits for older, longer service workers, specifically that the interest rate is a reasonable projection of the variable interest rate and subject to a maximum 6%. Begins 2023.
349	Variable rate premium indexing termination	The PBGC variable rate premium for DB plans, which has been increasing in recent years, is locked in to a flat \$52 for each \$1,000 of unfunded vested benefits.
350	Safe harbor for deferral failure corrections	Employers may correct, without penalty, reasonable errors in administering automatic enrollment and automatic escalation provided the corrections are made prior to 9½ months after the end of the plan year in which the mistakes were made. Begins 2024.
401	SECURE Act amendments	Three technical and five clerical amendments to the SECURE Act are effective as if included in the sections of the SECURE Act to which they relate.
501	Plan amendment provisions	Plan amendments made pursuant to this Act may be made on or before the last day of the first plan year beginning on or after January 1, 2025 (2027 for governmental plans). In addition, amendments under SECURE Act, CARES Act, and Taxpayer Certainty and Disaster Tax Relief Act of 2020 conform to these new dates.
601	SIMPLE and SEP Roth IRAs	SIMPLE IRAs are now allowed to accept Roth contributions and SEPs may now accept employee/employer Roth contributions. Begins 2023.
602	403(b) hardship withdrawal rules	403(b) hardship withdrawal rules now conform to 401(k) rules beginning after December 31, 2023.
603	Roth tax treatment for catch-up	Effective for years beginning after December 31, 2023, all catch-up contributions to “qualified plans” ⁴ are subject to Roth tax treatment except for those employees with compensation of \$145,000 or less (indexed). This was one of the primary “pay for” provisions in the Act (i.e., a revenue-raiser, at least within the 10-year budget window by which legislation is “scored” for cost purposes).
604	Roth tax treatment for employer contributions	Plans are permitted to allow employees to elect whether employer matching or nonelective contributions will be made on a Roth vs. pretax basis. Begins immediately (but

⁴ Be careful with the term “qualified plan”: in general, under tax law, it refers solely to plans qualified for favorable tax treatment under IRC Section 401(a)—i.e., 401(k) and defined benefit but NOT 403(b), SIMPLE, SEP, 457(b), IRAs, and retirement annuities. But for purposes of this and certain other provisions of SECURE 2.0 (including Starter 401(k) and startup tax credits), the term is specifically defined, for purposes of these specific provisions, as including all of these plan types, as described under IRC Section 219(g)(5)(A) or (B).

Sec.	Description	Summary
		won't begin immediately—too hard to implement quickly).
605	Charitable conservation easements	Charitable deductions for qualified conservation contributions are disallowed beyond certain limits.
606	Sunset date change for retiree health benefit payments	The sunset date for allowing assets to be used to pay retiree health and life insurance benefits is extended to the end of 2032.
701	Tax court judge provisions	Tax Court judge retirement benefits are brought in line with those of other judges.
702	Tax court special trial judges	Special trial judges of the Tax Court are eligible for certain retirement benefits.

About the Authors

Cherisha Chapman, ASRI, is a Fiduciary Consultant with Group Plan Systems, LLC and has worked in retirement plans for 17 years. Her time in the industry includes extensive experience recordkeeping both public and private sector plans and everything from participant services to underwriting to people leadership.



Cherisha has a B.S. in Business Administration from Ohio Dominican University. She also holds an Associate, Secure Retirement Institute (ASRI) from the Life Office Management Association (LOMA).

Cherisha enjoys life with her husband, Tim, and their three children, Jacques, Lorenzo, and Parker. You will often find her cheering on her oldest at baseball games or shuttling the younger two to their various extracurricular events. The family loves traveling both around the US and abroad and have many destinations on their must-see list.

Cherisha can be reached at cchapman@groupplansystems.com.

Pete Swisher, CFP®, CPC, QPA, TGPC is Managing Partner of Group Plan Systems, LLC and has written and spoken extensively for over two decades on a broad range of topics covering both investment and administrative fiduciary duties.



Pete has a degree in Linguistics from the University of Virginia, where he was an Echols Scholar and member of the rugby team. Fortunately, he wasn't very good at rugby and thus sustained relatively few injuries.

Pete spends his time with his wife, Shannon, their various elderly rescue animals, and, whenever possible, their three grown children, Jettie, David, and Andrew.

Pete can be reached at pswisher@groupplansystems.com.