

SECURE 2.0 Key Provisions

The Setting Every Community Up for Retirement Enhancement Act 2.0 of 2022 (SECURE 2.0) provides added support to expand retirement savings and workplace benefits for your employees. The below chart summarizes SECURE 2.0's provisions by effective date.

2023

Topic	Details Snapshot
Start-up plan tax credit increase	Changes from 50% to 100% of administrative costs up to \$5,000/year for first three years (if <50 employees).
Employer contribution tax credit	Percentage of the employer contribution, up to \$1,000/participant cap, phased out over a five-year period, with an exception for employees with wages exceeding \$100,000 (indexed).
Required minimum distribution (RMD) age increase	Age increases from 72 to 73 beginning in 2023, and to age 75 in 2033.
RMD excise tax reduced	Reduces the excise tax for failure to take RMDs from 50% of the shortfall to 25%. Further reduces the excise tax to 10% if the shortfall is corrected during a two-year correction period.
Roth election for employer contributions	Employers may choose to offer and participants may elect matching and/or nonelective contributions to be Roth contributions. These matching and nonelective contributions are included in the employee's income and must be 100% vested when made. Implementation is based on your provider's capabilities (pending system enhancements).

2024

Topic	Details Snapshot
New Starter 401(k) Deferral-Only Plan	New plan type with no employer contributions and employees enrolled with a deferral rate between 3% to 15% up to the annual IRA limit plus catch-up.
New emergency savings "sidecar" in-plan account	May allow non-highly compensated employees to make post-tax Roth contributions to a new in-plan savings account (\$2,500 cap; four distributions/year) and are eligible for a plan's matching contributions.
Mandatory Roth treatment for catch-up contributions	Catch-up contributions for a participant who earns more than \$145,000 (otherwise may choose) must be on a Roth basis.
Matching on student loan payments	"Qualified" student loan repayments may receive a match.
Eliminate pre-death Roth RMDs	Eliminates RMDs from Roth sources while living.
Surviving spouse RMD election	Surviving spouse may elect to receive the same RMD treatment as the decedent.

2025

Topic	Details Snapshot
Expanding automatic enrollment	New 401(k) plans must automatically enroll employees when eligible. Automatic deferrals start at between 3% and 10% of compensation, increasing by 1% each year, to a maximum of at least 10%, but no more than 15% of compensation.
Higher catch-up limit for aged 60-63	For those participants aged 60 to 63, the catch-up limitation is the greater of (i) \$10,000 or (ii) 150% of the regular catch-up amount (indexed).
Long-term part-time (LTPT) service reduction	Must permit an employee to contribute to a plan if the employee worked at least 500 hours per year for at least two consecutive years (reduced from three years) and has met the minimum age requirement by the end of the two-year period. Pre-2023 service is disregarded for eligibility and vesting purposes.



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