

SECURE 2.0 Act reference guide for defined contribution plans

Date of enactment (DOE) – December 29, 2022

Gray highlighted provisions are effective immediately (on/after enactment or in 2023).

Contributions

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
Employer contributions made as Roth	Plan may permit employees to designate employer matching or employer non-elective contributions as Roth (required to be 100% vested).	401(a)/(k) 403(b) 457(b) gov.	Optional	Employer contributions made after DOE
Catch-up contributions — required to be Roth	Employees who receive more than \$145,000 (indexed) in FICA wages from the employer (or related employers) in the prior year are required to make catch-up contributions as Roth. Plan has option to permit catch-up contributions; however, if permitted, this is mandatory for employees who earn more than \$145,000. DELAYED: On August 25, 2023, the IRS issued Notice 2023-62 which provides for a transition period. This essentially delays the effective date of the Roth catch-up requirement until January 1, 2026.	401(k) 403(b) 457(b) gov.	Mandatory	Taxable years beginning after 12/31/2023
Student loans — employer match	Plan may permit employer matching contributions on student loan payments (employee self-certification of student loan payments).	401(k) 403(b) 457(b) gov.	Optional	Plan years beginning after 12/31/2023
Emergency savings account linked to individual account plan	Employer is permitted to offer short-term emergency savings accounts (ESAs) to nonhighly compensated employees (NHCEs) under 401(k) and 403(b) plans. ESAs funded as Roth contributions. Participation may be voluntary or auto enrollment with a 3% maximum. \$2,500 maximum account value/cap.	401(k) 403(b)	Optional	Plan years beginning after 12/31/2023
Automatic enrollment	New 401(k) or 403(b) plans must include eligible automatic contribution arrangement (EACA) with 3% initial default (10% max), 1% auto escalation until 10% (15% max), and permissive withdrawals. Does not apply to plans established before DOE, church or government plans, employers with 10 or less employees; or to a new employer (first three years of existence). The AE program does not have to begin before the first plan year beginning after December 31, 2024.	401(k) 403(b)	Mandatory	Plan years beginning after 12/31/2024
Increased catch-up for ages 60-63	Increases annual catch-up limit for ages 60, 61, 62, and 63. The amount is increased to the greater of \$10,000 or 150% of the catch-up limit in 2024 (indexed). This provision is optional since a 401(k) or 403(b) plan is not required to offer catch-up contributions.	401(k) 403(b) 457(b) gov.	Optional	Taxable years beginning after 12/31/2024
Saver's match	Modifies existing saver's credit — turns it into a pretax direct government matching contribution to the individual's IRA or eligible retirement plan (if plan permits).	401(k) 403(b) 457(b) gov.	Optional	Tax years beginning after 12/31/2026

Distributions

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
Distributions and loans for qualified federally declared disasters	Provides permanent rules for access to retirement funds in the event of a qualified federally declared disaster. Distributions: Up to \$22,000 in aggregate from retirement plans and IRAs (special rules for taxation). Loans: Increases limit to \$100,000 and extended repayment period.	401(a)/(k) 403(b) 457(b) gov.	Optional	Disasters occurring on or after 1/26/2021
Terminal illness — penalty-free withdrawal	Creates exception to 10% early withdrawal penalty — terminal illness (expected death in 84 months or less). This provision does not create a new distributable event under the Tax Code.	401(a)/(k) 403(b)	Optional	Distributions made after DOE
Hardship self-certification	Plan sponsor may rely on an employee's self-certification if they incurred a safe harbor event and the request is not in excess of amount needed.	401(k) 403(b) 457(b) gov.	Optional	Plan years beginning after DOE
Withdrawals for emergency savings	Permits penalty-free distributable event for emergency distribution up to \$1,000 (one per year). May be repaid within three years. No additional distribution available unless it is repaid.	401(k) 403(b)	Optional	Distributions made after 12/31/2023
Domestic abuse — penalty-free withdrawal	Distributable event (penalty free) for cases of domestic abuse. Amount not to exceed lesser of \$10,000 (indexed) or 50% of the employee's vested account. Amounts may be recontributed over three years.	401(a)/(k) 403(b) 457(b) gov.	Optional	Distributions made after 12/31/2023
Small amount force out threshold	Increases threshold from \$5,000 to \$7,000. This provision is optional, as a retirement plan is not required to use the small amount force out provision.	401(a)/(k) 403(b) 457(b) gov.	Optional	Distributions made after 12/31/2023
Hardship withdrawal rules for 403(b)	Makes the 403(b) rules similar to 401(k) rules (expands the accounts available for withdrawal, and confirms the requirement to take a loan before hardship is now optional).	403(b)	Optional	Plan years beginning after 12/31/2023
Retirement savings lost and found	DOL to create national online searchable database for missing, lost, or non-responsive participants and beneficiaries.	ERISA plans	N/A	Creation of database within two years

Required minimum distributions (RMDs)

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
Eliminates penalty on partial annuitization	Currently, annuity may have a higher RMD than other assets. Employee may elect to have RMD calculated applying the defined contribution plan rules (should result in lower RMD).	Eligible plans with annuity form	Optional	Upon enactment
RMD age change to 73 and 75	Increases the RMD age as follows: <ul style="list-style-type: none"> ▪ If you were born before 7/1/1949, then your RMD Age is 70½. ▪ If you were born after 6/30/1949 and before 1951, then your RMD Age is 72. <ul style="list-style-type: none"> – If you were age 72 or older as of 12/31/2022, there is no change to your RMD Age. ▪ If you were born in 1951 through 1959, then your RMD Age is 73. <ul style="list-style-type: none"> – If you were born between 1/1/1951 and 12/31/1959, your RMD Age is 73. ▪ If you were born in 1960 or later, then your RMD Age is 75. <ul style="list-style-type: none"> – If you were born 1/1/1960 or later, then your RMD age is 75. 	Plans subject to RMDs	Mandatory	Distribution years after 12/31/2022
Excise tax for missed/late RMDs	The 50% excise tax is reduced to 25%. It may be further reduced to 10% if certain requirements are met. Listed as mandatory since the 50% is reduced to 25%.	Plans subject to RMDs	Mandatory	Taxable years beginning after DOE
RMDs for Roth accounts	The exemption from pre-death RMDs is extended to Roth account in employer-sponsored retirement plans. This exemption should prevent individuals from moving their Roth account to a Roth IRA to avoid RMDs.	401(k) 403(b) 457(b) gov.	Mandatory	Tax years beginning after 12/31/2023
RMD — surviving spouse election to be treated as employee	Current IRA rules extended to employer-sponsored retirement plans. A spouse who is the sole designated beneficiary may elect to be treated as employee for RMD purposes.	Plans subject to RMDs	Optional	Calendar years beginning after 12/31/2023

Plan operation, eligibility, and repayment

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
Repayment of a Qualified Birth or Adoption Distribution (QBAD)	Requires QBAD to be recontributed within three years of the date of distribution (to qualify as an eligible rollover contribution). For withdrawals already taken — repayment period ends 12/31/2025. This provision is optional; however, the repayment period is mandatory (cannot exceed).	Plans that permit QBAD	Optional	Distributions made after DOE
Small immediate incentives for contributing to a plan	Permits plan participants to receive de minimis financial incentives for contributing to a 401(k) or 403(b) plan. Incentives may not be paid with plan assets. Example: small denomination gift cards.	401(k) 403(b)	Optional	Plan years after DOE
Exemption for certain automatic portability transactions	Creates statutory exemption from prohibited transactions under the IRS Tax Code for the receipt of fees by an automatic portability provider (APP) in connection with the transfer of funds to an IRA or other retirement plan. The APP must acknowledge fiduciary status and receive only reasonable compensation.	ERISA plans	Optional	Transactions that occur 12 months after DOE
Top-heavy application — excludable employees	Permits a top-heavy plan to perform separate testing for excludable employees (those under age 21 and with less than one year of service). This provision provides an incentive for employers to permit employees to participate immediately.	Plans subject to top heavy	Optional	Plan years beginning after 12/31/2023
Long-term, part-time employees	Part-time employees who work at least 500 hours — reduces the three-year consecutive period to two consecutive years (for eligibility to make elective deferrals). ERISA expands rules to apply to ERISA 403(b) plans and allows years prior to 2023 to be disregarded for eligibility and vesting. However, there are differences between ERISA and the Tax Code for 401(k) plans.	401(k) and ERISA 403(b)	Mandatory	Plan years effective after 12/31/2024

Participant notice and disclosure requirements

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
Unenrolled participants — requirements	ERISA defined contribution plans are only required to provide an annual notice to unenrolled participants of their eligibility to participate (unless they request additional documents)	ERISA plans	Optional	Plan years beginning after 12/31/2022
Paper benefit statements	For ERISA defined contributions plans, at least one paper benefit statement each calendar year. For the next few years, plan sponsors should continue to follow current rules, including DOL e-delivery.	ERISA plans	Mandatory	Plan years beginning after 12/31/2025
Potential future changes/enhancements	Additional guidance, reports, and changes in the future — including fee disclosure requirements, 402(f) notices, consolidation of defined contribution plan notices, etc.	ERISA plans	N/A	To be determined

Multiple Employer Plans (MEPs)/Pooled Employer Plans (PEPs) and investments

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
MEPs/PEPs for 403(b) plans	A 403(b) plan is now permitted to be a Multiple Employer Plan (MEP) or Pooled Employer Plan (PEP). Treasury is also directed to issue regulations on "one bad apple" rule and provide model plan language.	403(b)	Optional	Plan years beginning after 12/31/2022
MEPs/PEPs modification	Changes trustee designation for collection contributions — permits fiduciary to name/designate another entity for the collection of contributions.	MEPs/PEPs	Optional	Plan years beginning after 12/31/2022
Collective Investment Trust (CIT)	The Code is amended to specifically state that 403(b) plans with custodial account (403(b)(7)) are permitted to invest in CITs; however, this did not address securities laws that currently prohibit such investments.	403(b)	N/A	N/A until change in securities laws

IRS correction programs

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
Recovery of overpayments	A retirement plan will not fail to be a qualified/tax-favored plan due to the fact the plan fails to recover an inadvertent benefit overpayment or otherwise amends the plan to permit increased payment/benefit. In certain situations, overpayment may be treated as an eligible rollover.	401(a)/(k) 403(b)	Optional	Upon enactment with certain retroactive relief
Expansion of Employee Plans Compliance Resolution System (EPCRS)	Expands the types of errors and/or failures that may be self-corrected at anytime, regardless of whether they are considered significant or insignificant.	401(a)/(k) 403(b)	Optional	Upon enactment but may require guidance
Safe harbor correction of employee elective deferral failures	Expands the existing safe harbor rules that were due to expire at the end of this year.	401(a)/(k) 403(b) 457(b) gov.	Optional	Errors occurring after 12/31/2023

Provisions applicable to governmental employers

Provision	Brief description	Plans impacted	Optional or mandatory	Effective date
457(b) deferral election changes	Eliminates first day of month rule. Permits participants to make changes to their deferral elections anytime before the compensation is made available to the individuals (the same rule that applies to 401(k) and 403(b) plans). This does NOT apply to 457(b) top hat plans.	457(b) gov.	Optional	Taxable years beginning after DOE
Direct payments for health insurance premiums and long-term care insurance	For eligible public safety officers, allows plan to distribute amounts to pay the premium either directly to insurer or directly to the retired participant. This provision requires self-certification from the individual on their individual tax return.	Gov. plans that permit	Optional	Distributions made after DOE
Qualified public safety employees – definition	Expands definition of qualified public safety employee to include certain corrections officers and forensic security employees.	Gov. plans that offer	Optional	Distributions made after DOE
Qualified public safety employees – eligible age for exemption for early withdrawal	Extends exception from the penalty tax to include qualified public safety employees who have separated from service after attainment of age 50 or 25 years of service (whichever is first). Applies to governmental plans (other than 457(b) governmental plans) that offer the provision.	Gov. plans that offer	Optional	Distributions made after DOE

Plan amendments

Provision	Brief description
Clarification of SECURE 1.0	Confirms the extended deadlines as previously stated in IRS notices.
Requirements for SECURE 2.0	For most plan sponsors, amendment deadline is the end of the 2025 plan year. For governmental and collectively bargained plans, the deadline is the end of the 2027 plan year. Plans must operate in “good faith” based on required and optional plan provisions.
Operational/administrative checklist	For the optional provisions, Lincoln will be providing an operational checklist.

NOTE: The above information is meant to provide a brief overview of each provision. In addition, not all the SECURE 2.0 Act provisions are included. Please refer to Lincoln’s [SECURE 2.0 Act summary chart](#) for additional details and requirements.

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