

## SECURE Act 2.0 Plan Sponsor Checklist

PlanPILOT developed this checklist to assist plan sponsors with assessing **optional** SECURE Act 2.0 defined contribution (DC) plan provisions, and with identifying key compliance changes. Checklist items have been categorized (**Contribution/Savings, Distribution/Withdrawal, Compliance**) and ordered by effective date. Please note that this checklist does not cover all SECURE Act 2.0 provisions, but rather it summarizes key DC plan provisions that require plan sponsor decisions or further action.

CONTRIBUTIONS/SAVINGS					
SECURE Act 2.0 Provision	Effective Available Date	Recordkeeper Readiness	Administrative Complexity (High/Medium/Low)	Participant Impact (High/Medium/Low)	Y/N
Employer may modify plan to allow employees to designate employer contributions as Roth contributions ( <i>NOTES: Employee tax impact; and vesting considerations</i> )	Immediate				
Employer may modify plan to allow qualified student loan payments to receive employer matching contributions ( <i>NOTE: Plan sponsor budget considerations</i> )	Plan Years after 12/31/2023				
May establish an emergency savings plan for non-highly compensated employees that is linked to the defined contribution plan. <b>If yes, then plan sponsor must also determine if a 3% auto enrollment feature will be included</b> <i>NOTES: No contributions can be made if account balance <math>\geq</math> \$2,500; and special definition of permitted investments (focused on preserving capital)</i>	Plan Years after 12/31/2023				
For any employee with compensation over \$145,000 ( <i>indexed for future years</i> ) in the preceding year, catch-up contributions <b>MUST BE</b> contributed on a Roth basis. <b>If allowed, then plan sponsor needs to permit all participants to make catch-up contributions on a Roth basis</b>	Plan Years after 12/31/2023				
Increase the catch-up contribution limit for individuals who attain age 60 ( <i>but not age 64</i> ) to the greater of (i) \$10,000, or (ii) 150% of the regular catch-up contribution amount (\$11,250 for 2023). <i>NOTE: Indexed for increases in cost-of-living</i>	Tax Years after 12/31/2024				

**DISTRIBUTIONS/WITHDRAWALS**

SECURE Act 2.0 Provision	Effective Available Date	Recordkeeper Readiness	Administrative Complexity (High/Medium/Low)	Participant Impact (High/Medium/Low)	Y/N
Penalty tax on early distributions waived for individuals with a terminal illness <b>(Plan sponsor decision relates to permitting these distributions)</b>	Immediate				
Permit distributions in connection with federally declared disasters <i>(and Act waives penalty tax for early distributions in connection with federally declared disasters, increases permissible loan maximums for affected individuals, allows for repayment, and spreads income over 3 years)</i>	Immediate				
Allow employers to rely on employee certification that hardship withdrawals are on account of a financial need meeting IRS requirements, and amount withdrawn is needed to meet such need	Plan Years after 12/31/2022				
Allow participants to take penalty-free withdrawals up to \$10,000 <i>(limited to 50% of vested balance)</i> in the case of domestic abuse  <i>NOTE: IRS guidance required for plans w/ QJSA (Qualified Joint and Survivor Annuity) due to spousal consent requirement</i>	1/1/2024				
Permit emergency distributions for unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses (one distribution per year of up to \$1,000)  <i>NOTES: Individuals are exempted from 10% tax on early distribution; and they may self-certify in writing that they qualify for a distribution</i>	Distributions after 12/31/2023				
Increase small sum forced distribution maximum from \$5,000 to \$7,000	Distributions after 12/31/2023				
Revise 403(b) plan rules to allow hardship distributions of all amounts in individual's account, including employer contributions and earnings on all contributions	Plan Years beginning after 12/31/2023				
Allow plan to make payments for long-term care insurance premiums	12/29/2025				

COMPLIANCE		
SECURE Act 2.0 Provision	Effective Date	Plan Sponsor Action Steps
Certain disclosure requirements are eliminated for “unenrolled” participants. An unenrolled participant is an employee who is eligible to participate in the plan, has received an SPD and any notices required under Code with respect to eligibility to participate, and is not participating	Plan Years after 12/31/2022	If an employer provides (i) an annual reminder of the employee’s eligibility to participate and (ii) any document requested by the employee—then the employer is not required to provide any other “disclosure, notice, or other plan document” otherwise required under ERISA
401(k) and 403(b) plans cannot require that “long-term, part-time” employees complete more than 500 hours of service in two consecutive 12-month periods to make deferrals into the plan (or, if sooner, upon completing one year of service with 1,000 hours). Does not affect existing 403(b) rules allowing exclusion for student employees or nonresident aliens with no U.S. earned income. Does not change existing rules allowing plans to exclude employees due to other employment classifications that are not service based. Also, service as a long-term, part-time employee will count in determining vesting for any employer contribution	Plan Years after 12/31/2024	Determine if the plan currently excludes any employees to which this new provision would apply, and i) ensure that hours are tracked for eligibility purposes or ii) amend plan so that employees are allowed to make deferrals into the plan beginning with the first plan year after 12/31/2024 (and then make sure employees are notified of their ability to defer)  <i>Note the exemptions from this provision that are listed in the left column</i>
ERISA reporting requirements amended to require DC plans provide paper statements at least once per year unless the participant requests electronic statements	Plan Years after 12/31/2025	Ensure participants receive at least one paper benefit statement per year, including notice regarding right to request that all statements be provided electronically

**DISCLOSURE**

*PlanPILOT is not a law firm, and information contained in this document is not legal advice. The information provided is for plan sponsor reference purposes only.*

