



SECURE 2.0:

A timeline of important retirement plan changes

Below is a timeline of some of the significant 401(k) plan changes included in SECURE 2.0. Provisions are listed by the year they go into effect.

Mandatory changes are written in dark blue.

Voluntary changes are written in light blue.

2022/2023

Form 5500*

Establishing a plan's participant count, which determines if a full Form 5500 and independent audit are required, is changing to only count any participants with a balance. This is a change from counting all eligible active employees plus any other participants with a balance. This rule is not part of the SECURE Act or SECURE 2.0, but is a major change you should be aware of.*

Increase required minimum distribution (RMD) age: SECURE 2.0, Section 107

The starting age for taking RMDs was raised to 73 under SECURE 2.0. This change only applies to individuals who turned 72 in 2023 or later. This is effective for tax years beginning after December 31, 2022.

Reduced penalties for missing RMD: SECURE 2.0, Section 302

Reduces the excise tax for failure to take RMDs from 50% to 25%. This may be further reduced to 10% if the RMD failure is corrected in a timely manner. This is effective for tax years beginning after December 29, 2022.

Small employer credit for military spouses: SECURE 2.0, Section 112

The IRS provides small employers with a tax credit if they allow military spouses to participate in their defined contribution plan. This is effective for tax years beginning after December 29, 2022.

Participants can self-certify hardship conditions: SECURE 2.0, Section 312

Employers may rely on an employee's self-written certification of the event that supports a hardship withdrawal and the amount of the hardship. This is effective for plan years beginning after December 29, 2022.



Relief on plan notices and disclosures:

SECURE 2.0, Section 320

Eliminates the requirement for employers to provide certain plan notices/disclosures to unenrolled participants who have elected not to participate in the plan. Instead, an annual notification of the right to enroll in the plan must be provided.

Roth contribution option:

SECURE 2.0, Section 604

Defined contribution plans can give participants the option of receiving employer contributions on a Roth basis.

Disaster distributions:

SECURE 2.0, Section 331

Individuals whose principal place of residence is within a declared federal disaster area during the duration of the disaster and who have suffered an economic loss due to the disaster can request a distribution of up to \$22,000. This is taxable but not subject to additional 10% tax. Individuals can spread taxes over three years and may repay the amount within three years. This is effective for disasters that occurred on or after January 26, 2021.

Small business tax credits:

SECURE 2.0, Section 102

Small business owners with 100 employees or less are eligible for a 50% tax credit for plan startup costs, while small business owners with 50 employees or less are eligible for a 100% tax credit for plan startup costs.

2024

Long-term, part-time (LTPT) employees:

SECURE Act of 2019

This provision requires employers to allow 401(k) contributions from LTPT employees who work for 500 hours or more for three consecutive 12-month measuring periods and also meet your plan's age and eligible group requirements. This is effective for plan years beginning after December 31, 2023.

Required minimum distribution (RMD) excludes Roth accounts from calculation:

SECURE 2.0, Section 325

No pre-death RMDs are required from Roth accounts in qualified plans. This is effective for tax years after December 31, 2023. This means the first-year RMD for 2023, which isn't typically due until April 1, 2024, would still include the Roth account.

Ownership attribution:

SECURE 2.0, Section 315

Community property laws are no longer relevant to controlled group determinations. Ownership attribution to a minor child of parents' separate businesses no longer makes those businesses a controlled group.

Student loan matching program:

SECURE 2.0, Section 110

Permits employers to match student loan payments under 401(k) plans as if those payments were elective deferrals. This is effective for plan years beginning after December 31, 2023.

Personal emergency withdrawals:

SECURE 2.0, Section 115

One distribution of up to \$1,000 is permissible per year for emergency expenses, with the option to repay the distribution within three years. This is effective for distributions made after December 31, 2023.

Emergency savings accounts:

SECURE 2.0, Section 127

This option allows non-highly compensated employees to establish emergency savings accounts within a 401(k) plan. Contributions are treated as Roth and are prohibited once the account reaches \$2,500 (indexed each year for inflation). This is effective for plan years beginning after December 31, 2023.



Cash-out limit increased for mandatory distributions:

SECURE 2.0, Section 304

The provision increases the mandatory cash-out limit to \$7,000; however, employers are allowed to implement levels less than \$7,000. This is effective for distributions made after December 31, 2023.

Penalty-free withdrawals for domestic abuse victims:

SECURE 2.0, Section 314

Plans may permit withdrawal of up to \$10,000 (or 50% of the vested balance, if less) where a participant self-certifies as a domestic abuse victim, and distribution is within 12 months of incident. This is effective for distributions made after December 31, 2023.

SIMPLE plan replacement with a 401(k) mid-year:

SECURE 2.0, Section 332

Allows small employers to replace a SIMPLE IRA with a safe harbor 401(k) plan during the year—provided the new plan starts the day after the termination date of the SIMPLE. This is effective for plan years after December 31, 2023.

Top-heavy requirements:

SECURE 2.0, Section 310

Minimum top-heavy contributions aren't required for any otherwise excludable employees in your plan—whether they're LTPT or not. The otherwise excludable group is still included in the top-heavy test. Otherwise excludable means individuals who could've been legally excluded from your plan if you had used the maximum age and service and entry date requirements allowed (age 21, one year of service, semi-annual entry).

2025

Auto-enrollment required for new retirement plans:

SECURE 2.0, Section 101

Beginning in 2025, all 401(k) plans adopted on or after December 29, 2022, must begin automatically enrolling participants at 3%–10%, increasing the rate by 1% per year to at least 10%, not to exceed 15%. This doesn't apply to businesses with fewer than 11 employees, businesses less than three years old, or churches and governments. This is effective for plan years after December 31, 2024.

Long-term, part-time (LTPT) employees:

SECURE 2.0, Section 125

This provision reduces the **three** consecutive 12-month measuring periods for LTPTs to **two** consecutive measuring periods. This is effective for plan years beginning after December 31, 2024.

Catch-up contributions limit increase at certain ages:

SECURE 2.0, Section 109

Raises catch-up contributions to the greater of \$10,000 or 150% of regular catch-up limits for years in which the participant would attain age 60-63. The increased amounts will be indexed for inflation. This is effective for tax years after December 31, 2024.



2026 and beyond

Catch-up contributions required to be Roth: SECURE 2.0, Section 603	Individuals 50 years or older who earned at least \$145,000 the prior year need to make catch-ups contributions on a Roth basis. The \$145,000 is indexed with inflation. In order to offer catch-ups, the plan will be required to offer Roth contributions to participants. This is effective for plan years beginning after December 31, 2025.
Paper statement mandate: SECURE 2.0, Section 338	Requires at least one benefit statement to be delivered on paper each year unless the participant opts out of the paper requirement. This is effective for plan years beginning after December 31, 2025.
Saver’s Match enhancement of Saver’s Credit: SECURE 2.0, Section 103	This provision changes the current Saver’s Credit—a tax credit applied to plan participants who meet a certain income threshold—to a Saver’s Match. The credit would be a match of 50% of up to \$2,000 in retirement plan or IRA contributions irrespective of tax liability. This is effective for tax year beginning after December 31, 2026.
Increase required minimum distributions (RMD) age: SECURE 2.0, Section 107	This provision again changes the RMD beginning age—this time from age 73 to 75. This change only applies to individuals who reached age 75 in 2033 or later. This is effective for tax years beginning after December 31, 2032.

More guidance is needed from the IRS for many of these provisions.

After we learn more, we’ll let you know if we’re able to administratively support various optional provisions. If you have questions in the meantime, please contact your Sentry representative.



Scan this QR code to visit our SECURE 2.0 webpage, which features additional resources.

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