

KEY PROVISIONS OF THE SECURE ACT.



The SECURE Act (Setting Every Community Up for Retirement Enhancement Act of 2019) became law on December 20, 2019. With a broad range of provisions governing retirement plans, plan participants, and individual retirement savers, this new law is designed to expand access to retirement accounts, promote participation, and preserve savings. At the same time, it introduces new restrictions on deferring taxes for inherited retirement accounts. On December 29 2022, the SECURE Act 2.0 was signed into law by the President before year end. Secure Act 2.0 introduces a variety of small, yet significant, changes for small businesses and those saving for retirement.

Plan Sponsors	Secure Act (2019)	Secure Act 2.0 (2022)
➤➤➤ Pooled Employer Plans	Form of “open MEP” that any employer can join – no “nexus”	PEP’s extended to 403(b) Plans
➤➤➤ Plan Documents	<ul style="list-style-type: none"> • Can adopt a plan up to tax filing including extensions (vs. last day of year). • Retroactive amendments for safe harbor non-elective allowed. • Notice requirement for safe harbor non-elective plans removed. 	Discretionary amendments that increase benefits are allowed up to tax deadline, including extensions.
➤➤➤ Long Term Part-Time Employees	After 3 consecutive years of 500 hours. Must allow to defer. Do not have to match, etc. Starts 1/1/22	Reduces requirement to 2 consecutive years of 500 hours.
➤➤➤ Small Biz Tax Credits	50% of start-up costs up to \$500 (less than 100 ee’s)	100% of start-up costs up to \$500.
➤➤➤ Auto Enrollment	Increased allowable cap for QACA plans from 10 to 15%	<ul style="list-style-type: none"> • Mandated Auto Enrollment @ 3% with 1% increase up to 10%. • Codifies and liberalizes AE self-correction programs.
➤➤➤ Statements	Value of benefit expressed as lifetime and 100% J&S annuity. Due 6/30/22.	At least one statement/year must be “paper”
➤➤➤ Cash Out limit		Increased from \$5K to \$7K
➤➤➤ ROTH		<ul style="list-style-type: none"> • Matching can be ROTH • ROTH contributions to Simple IRA • SEP contributions can be ROTH
➤➤➤ EPCRS		<ul style="list-style-type: none"> • Extends time for self-correction • No more anonymous VCP • Updated procedures for std. corrections

Plan Participants	Secure Act (2019)	Secure Act 2.0 (2022)
➤➤➤ Allowable Withdrawal	Up to \$5K Penalty free withdrawal for birth or adoption	50% of your account up to \$10,000 penalty free for domestic abuse survivor
➤➤➤ Required Minimum Distribution	RBD increased from 70.5 to 72 (after 12.31.19)	RBD Increases in phases to 75 over 10 years
➤➤➤ Stretch IRA	Non-spouse beneficiaries must now distribute inherited IRA’s over 10 years (vs. lifetime)	
➤➤➤ Student Loans		Employees can earn matching contributions by making eligible student loan repayments
➤➤➤ Catch-Up Contributions		Allow for \$10,000 at age 62-64 – must be on ROTH basis