

TOP 10 PROVISIONS IN SECURE 2.0

Enacted in December 2022

Congress recently enacted landmark retirement legislation known as SECURE 2.0 that will incentivize individuals to save for retirement, while increasing access to workplace plans. The new law includes a number of provisions intended to benefit individuals as well as small business owners. This is a summary of the top 10 provisions.

- 1** Enhancement of tax credits for small businesses starting and maintaining a retirement plan to help offset the associated costs, including a new credit based on employer contributions.
- 2** Changes to required minimum distributions, so that RMDs must be taken at 73 in 2023 and 75 in 2033. SECURE 2.0 also reduces the penalty tax for failures to take an RMD.
- 3** Catch-up contribution increase for individuals between the ages of 60 and 63, and a new requirement for catch-up contributions made by individuals earning over \$145,000 to be made on a Roth, or after tax, basis.
- 4** Self-correction of inadvertent plan and IRA violations without submission to the IRS.
- 5** Matching employer contributions for student loan payments to encourage younger workers to begin saving for retirement early in their careers.
- 6** Required auto-enrollment and auto-escalation for most new plans, if the employer has already decided to start a plan.
- 7** Allowing SIMPLE and SEP contributions to be made on a Roth basis.
- 8** Two new ways to save for emergencies through a 401(k) plan with the creation of emergency savings accounts and yearly emergency distributions of \$1,000.
- 9** Permitting all employer contributions in a 401(k), 403(b) or governmental 457(b) plan to be offered to employees on a Roth basis.
- 10** Rollover of excess 529 assets to Roth IRAs.

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