



SECURE 2.0 Act of 2022

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History of the Legislation

SECURE Act 2.0 of 2022 legislative history

- Original SECURE (Setting Every Community for Retirement Enhancement) Act became law in 2019, effective in 2020
- SECURE 2.0 is a result of bipartisan efforts to build on the original
- SECURE 2.0 passed by Congress on December 23, 2022, and signed into law by President Biden on December 29, 2022

Changes Impacting 401(k) Plans

Changes to 401(k) plans by SECURE 2.0

- Section 101. Expanding automatic enrollment
 - New 401(k) and 403(b) plans must automatically enroll participants at least at 3%, but not more than 10%
 - Effective for PYBA 12/31/2024
- Section 332. Replacement of SIMPLE IRA plans with 401(k) plans mid-year
 - Allows an employer to replace a SIMPLE IRA plan with a SIMPLE 401(k) plan or other 401(k) plan that requires mandatory employer contributions during a plan year
 - Effective for PYBA 12/31/2023
- Section 350. Safe harbor for correction of elective deferral failures
 - Allows for a grace period to correct, without penalty, reasonable errors in administering these automatic enrollment and automatic escalation features
 - Effective for errors occurring after 12/31/2023

Changes to 401(k) plans by SECURE 2.0 (cont'd)

- Section 603. Elective deferrals generally limited to regular contribution limit
 - All catch-up contributions must be Roth contributions
 - Exception for employees with compensation of \$145,000 or less (indexed)
 - Effective for TYBA 12/31/2023
- Section 604. Optional treatment of employer matching or nonelective contributions as Roth contributions
 - DC plans may be amended to provide participants with the option of receiving matching contributions on a Roth basis
 - Effective as of 12/29/2022

Changes Impacting 403(b) Plans

Changes to 403(b) plans by SECURE 2.0

- Section 101. Expanding automatic enrollment
 - New 401(k) and 403(b) plans must automatically enroll participants at least at 3%, but not more than 10%
 - Effective for PYBA 12/31/2024
- Section 106. Multiple employer 403(b) plans (“MEPs”)
 - Adds a new Internal Revenue Code (“IRC”) section permitting 403(b) plans the same ability to participate in MEPs as qualified plans under IRC sec. 401(a)
 - Effective for PYBA 12/31/2022
- Section 128. Enhancement of 403(b) plans
 - 403(b)(7) custodial accounts allowed to participate in group trusts (inc. CITs)
 - Effective after 12/29/2022

Changes to 403(b) plans by SECURE 2.0 (cont'd)

- Section 602. Hardship withdrawal rules for 403(b) plans
 - Conforms the hardship withdrawal rules for 403(b) plans to those of 401(k) plans
 - Effective for PYBA 12/31/2023
- Section 604. Optional treatment of employer matching or nonelective contributions as Roth contributions
 - DC plans may be amended to provide participants with the option of receiving matching contributions on a Roth basis
 - Effective as of 12/29/2022

Changes Impacting 457(b) Plans

Changes to 457(b) plans by SECURE 2.0

- Section 306. Eliminate the “first day of month” requirement for governmental 457(b) plans
 - Old - deferral rate changes must be made prior to the beginning of a month
 - New – deferral rate changes any time prior to availability of compensation being deferred
 - Effective for TYBA 12/29/2022
- Section 330. Exemption from 10% additional tax on early distributions
 - The public safety officer exception to the 10 percent early distribution tax extended to corrections officers who are employees of state and local govts
 - Effective for distributions made after 12/29/2022

Changes to 457(b) plans by SECURE 2.0 (cont'd)

- Section 604. Optional treatment of employer matching or nonelective contributions as Roth contributions
 - DC plans may be amended to provide participants with the option of receiving matching contributions on a Roth basis
 - Effective as of 12/29/2022

Changes Impacting IRA-based Plans

Changes to IRA-based plans by SECURE 2.0

- Section 108. Indexation of IRA catch-up limit
 - The \$1,000 catch-up contribution limit for individuals who have attained age 50 is now indexed for cost-of-living increases
 - Effective for TYBA 12/31/2023
- Section 118. Retirement benefits under a SEP for domestic employees
 - Employers may now provide retirement benefits under a Simplified Employee Pension (“SEP”) for domestic employees (e.g., nannies)
 - Effective for TYBA 12/29/2022
- Section 126. Special distribution rules from long-term qualified tuition programs to Roth IRAs
 - Beneficiaries of 529 college savings accounts would be permitted to rollover up to \$35,000 over the course of their lifetime from any 529 account in their name to their Roth IRA. Effective for distributions after 12/31/2023

Changes to IRA-based plans by SECURE 2.0 (cont'd)

- Section 307. Qualified charitable distributions
 - Allows for a one-time, \$50,000 distribution to charities through charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. Also indexes for inflation the annual IRA charitable distribution limit of \$100,000
 - Distributions made in TYBA 12/29/2022
- Section 313. IRA statute of limitations for excise tax on excess contributions
 - A 3-year period of limitations begins when the taxpayer files an individual tax return (Form 1040) for the year of the violation, except in the case of excess contributions, in which case the period of limitations runs 6 years from the date Form 1040 is filed
 - Effective as of 12/29/2022

Changes to IRA-based plans by SECURE 2.0 (cont'd)

- Section 322. Tax treatment of IRA involved in a prohibited transaction
 - If an individual has multiple IRAs, only the IRA with respect to which the prohibited transaction occurred will be disqualified
 - Effective for TYBA 12/29/2022
- Section 601. SIMPLE and SEP Roth IRAs
 - Provides the ability of these two plans to offer Roth contributions
 - Effective for TYBA 12/31/2022

Changes to Retirement Plan Contribution Limits

SECURE 2.0 changes to RP contribution limits

- Section 109. Higher catch-up limits
 - Existing indexed age 50 and over catch-up limits are \$7,500 (2023) and \$3,500 (2023) for SIMPLE plans
 - Increases these limits to the greater of \$10,000 (\$5,000 in the case of SIMPLE 401(k) and IRAs) or 50 percent more than the regular catch-up amount in 2025 for individuals who have attained ages 60, 61, 62 and 63
 - Increased amounts are indexed for inflation after 2025
 - Effective for TYBA 12/31/2024
- Section 110. Treatment of student loan repayments as elective deferrals for purposes of matching contributions
 - Employer may make matching contributions to 401(k), 403(b), SIMPLE IRA, and govt 457(b) plans based on qualified student loan repayments
 - Effective for contributions made in PYBA 12/31/2023

SECURE 2.0 changes to RP contribution limits (cont'd)

- Section 116. Allow additional nonelective contributions to SIMPLE plans
 - Employer may make additional contributions to each employee in a uniform manner up to the lesser of 10% of compensation or \$5,000 (indexed)
 - Effective for TYBA 12/31/2023
- Section 117. Contribution limit for SIMPLE plans
 - Both the annual deferral limit and the catch-up contribution limits are increased
 - By 10% for employers with no more than 25 employees
 - By 4% for employers with 26 – 100, but only if the employer provides either a 4% matching contribution or a 3% employer contribution
 - Effective for TYBA 12/31/2023

SECURE 2.0 changes to RP contribution limits (cont'd)

- Section 317. Retroactive first year elective deferrals for sole proprietors
 - 401(k) plans sponsored by sole proprietors or single-member LLCs, may receive employee contributions up to the date of the employee's tax return filing date for the initial year
 - Effective as of PYBA 12/29/2022

Changes to Retirement Plan Distribution Rules

SECURE 2.0 changes to RP distribution rules

- Section 107. Increase in age for required beginning date (“RBD”) for mandatory distributions
 - RBD age is 73 for someone who attains age 72 after December 31, 2022, and age 73 before January 1, 2033. For someone who attains age 74 after December 31, 2032, the RBD age is 75
 - Effective as of the dates the applicable age applies to a given individual
- Section 115. Withdrawals for certain emergency expenses
 - IRC section 72(t) amended to provide an exception for certain distributions used for emergency expenses, which are unforeseeable or immediate financial needs relating to personal or family emergency expenses. Only one distribution is permissible per year of up to \$1,000, and a taxpayer has the option to repay the distribution within 3 years. No further emergency distributions are permissible during the 3-year repayment period unless repayment occurs
 - Effective for distributions made after 12/31/2023

SECURE 2.0 changes to RP distribution rules (cont'd)

- Section 120. Exemption for certain automatic portability transactions
 - A retirement plan service provider may provide employer plans with automatic portability services, to include the automatic transfer of a participant's default IRA (established in connection with a distribution from a former employer's plan) into the participant's new employer's retirement plan, unless the participant affirmatively elects otherwise
 - Effective for transactions occurring on or after 12/29/ 2023
- Section 201. Remove required minimum distribution barriers of life annuities
 - Provides opportunities for annuities in defined contribution to offer increasing annuity payments of less than 5% per year and a lump sum that results in a shortening of the annuity payment period
 - Effective for CYEA 12/29/2022

SECURE 2.0 changes to RP distribution rules (cont'd)

- Section 204. Eliminating a penalty on partial annuitization
 - Under current law, if a tax-preferred retirement account also holds an annuity, the account must be bifurcated between the portion of the account holding the annuity and the rest of the account for purposes of applying the required minimum distribution rules; may result in higher minimum distributions than would have been required if the account did not hold an annuity
 - Under the new law, an employee may elect to have the amount required to be distributed from such account under such section for a year to be calculated as the excess of the total required amount for such year over the annuity amount for such year. Result - the account owner can aggregate distributions from both portions of the account for purposes of determining minimum distributions
 - Effective as of 12/29/2022
- Section 304. Updating dollar limit for mandatory distributions from \$5,000 to \$7,000. Effective for distributions made after 12/31/2023

SECURE 2.0 changes to RP distribution rules (cont'd)

- Section 308. Distribution to firefighters
 - The age 50 exception to the IRC 72(t) 10% early distribution tax that applies to “qualified public safety employees” now also applies to private sector firefighters
 - Effective for distributions made after 12/29/2022
- Section 311. Repayment of qualified birth or adoption distribution (“QBAD”) limited to 3 years
 - The problem with current law is the allowance of recontributions at any time because IRC section 6511 prevents a refund from being provided to a taxpayer after the period of limitations for the return has closed, which is generally a 3-year period.
 - To solve this problem, recontributions of QBADs must be made within 3 years
 - Effective for distributions made after 12/29/2022 and retroactively to the 3-year period beginning on day after date on which such distribution was received

SECURE 2.0 changes to RP distribution rules (cont'd)

- Section 314. Penalty-free withdrawal from retirement plans for individual case of domestic abuse
 - Permits participants that self-certify that they experienced domestic abuse to withdraw the lesser of \$10,000, indexed for inflation, or 50 percent of the participant's account; not subject to the 10% tax on early distributions; participant has the opportunity to repay the withdrawn money from the retirement plan over 3 years and will be refunded for income taxes on money that is repaid
 - Effective for distributions made after 12/31/2023
- Section 323. Clarification of substantially equal periodic payment rule
 - The exception to the IRC section 72(t) penalty continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments, or an annuity that satisfies the required minimum distribution rules
 - Effective for transfers, rollovers, and exchanges after 12/31/2023, and for annuity distributions on or after 12/29/2022

SECURE 2.0 changes to RP distribution rules (cont'd)

- Section 325. Roth plan distribution rules
 - The pre-death distribution requirement for Roth accounts in employer plans is eliminated
 - Effective for TYBA 12/31/2023, but does not apply to distributions which are required with respect to years beginning before 01/01/2024, but are permitted to be paid on or after such date
- Section 327, Surviving spouse election to be treated as employee
 - A surviving spouse may elect to be treated as the deceased employee for purposes of the required minimum distribution rules
 - Effective for CYBA 12/31/2023

SECURE 2.0 changes to RP distribution rules (cont'd)

- Section 334. Long-term care contracts purchased with retirement plan distributions
 - Retirement plans may distribute up to \$2,500 per year for the payment of premiums for certain specified long-term care insurance contracts. Distributions from plans to pay such premiums are exempt from the additional 10 percent tax on early distributions
 - Effective date is 3 years after 12/29/2022
- Section 337. Modification of required minimum distribution rules for special needs trust
 - In the case of a special needs trust established for a beneficiary with a disability, the trust may provide for a charitable organization as the remainder beneficiary
 - Effective for CYBA 12/29/2022



Other Retirement Plan Changes and Opportunities

PEP opportunities

Starter 401(k) plans

- Section 105. Pooled employer plan (“PEP”) modification
 - A PEP may designate a named fiduciary (other than an employer in the plan) to collect contributions to the plan
 - Effective for PYBA 12/31/2022
- Section 121. Starter 401(k) plans for employers with no retirement plan
 - Permits an employer that does not sponsor a retirement plan to offer a starter 401(k) plan (or safe harbor 403(b) plan)
 - All employees be default enrolled in the plan at a 3 to 15 percent of compensation deferral rate. The limit on annual deferrals would be the same as the IRA contribution limit
 - No employer matching or nonelective contributions
 - Effective for PYBA 12/31/2023

ESOP changes

Emergency savings accounts

- Section 123. Certain securities treated as publicly-traded in case of employee stock ownership plans (“ESOPs”)
 - Allows certain non-exchange traded securities to qualify as “publicly traded securities” for ESOP purposes; detailed requirements apply
 - Effective for PYBA 12/31/2027
- Section 127. Emergency savings accounts linked to individual account plans
 - Employers may provide the option in plan design to offer non-highly compensated employees pension-linked emergency savings accounts
 - Automatic opt-in at no more than 3% contribution with \$2,500 account cap; any additional contributions go to a Roth account
 - Effective for PYBA 12/31/2027

Defined benefit plan changes

- Section 348. Cash balance plan technical changes
 - The interest crediting rate that is treated as in effect and as the projected interest crediting rate is a reasonable projection of such variable interest rate, subject to a maximum of 6 percent. This clarification will allow plan sponsors to provide larger pay credits for older, longer service workers
 - Effective as of 12/29/2022
- Section 349. Termination of PBGC variable rate premium indexing
 - Removes the “applicable dollar amount” language in the rules for determining the premium fund target for purposes of unfunded vested benefits and replaces it with a flat \$52 for each \$1,000 of unfunded vested benefits
 - Effective on 12/29/2022
- Section 606. Enhancing retiree health benefits in pension plans
 - Ability to transfer excess assets to fund retiree life and health extended to end of 2032, for transfers made on and after 12/29/2022

Participant Benefits and Taxation Provisions

Contribution incentives

- Section 103. Saver's Match
 - New IRC section 6433 repeals and replaces the saver's tax credit with respect to IRA and retirement plan contributions, changing it from a credit paid in cash as part of a tax refund into a federal matching contribution that must be deposited into a taxpayer's IRA or retirement plan. The match is 50 percent of IRA or retirement plan contributions up to \$2,000 per individual. The match phases out between \$41,000 and \$71,000 in the case of taxpayers filing a joint return (\$20,500 to \$35,500 for single taxpayers and married filing separate; \$30,750 to \$53,250 for head of household filers)
 - Effective for TYBA 12/31/2026
- Section 113. Small immediate financial incentives for contributing to a plan
 - Employers may now offer financial incentives to employees to contribute to a plan
 - Effective for PYBA 12/29/2022

ESOP tax changes

Changes to excise tax rules on accumulations

- Section 114. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S corporation
 - Expands the gain deferral provisions of IRC section 1042 with a 10 percent limit on the deferral to sales of employer stock to S corporation ESOPs
 - Effective for sales of stock made after 12/31/2027
- Section 302. Reduction in excise tax on certain accumulations in qualified retirement plans
 - Reduces the penalty under IRC section 4974 for failure to take required minimum distributions from 50% to 25%, which can be lowered to 10% if the taxpayer submits a timely tax return
 - Effective for TYBA 12/29/2022

Disability-related first responder payments

Exception to penalty on early distributions

- Section 309. Exclusion of certain disability-related first responder payments
 - New IRC section 139C that permits first responders to exclude service-connected disability pension payments from gross income after reaching retirement age
 - Effective for amounts received in TYBA 12/31/2026
- Section 326. Exception to penalty on early distributions from qualified plans for individuals with a terminal illness
 - Provides an exception to the 10% additional tax on early distributions in the case of a distribution to a terminally ill individual by means of a new subparagraph (L) to IRC section 72(t)(2)
 - Distributions made after 12/29/2002

Elimination of certain penalty taxes

- Section 329. Modification of eligible age for exemption from early withdrawal penalty
 - The 10% additional tax on early distributions currently does not apply to a public safety officer who is at least age 50; now the requirement is age 50 or 25 years of service under the plan, whichever is earlier
 - Effective for distributions made after 12/29/2022
- Section 333. Elimination of additional tax on corrective distributions of excess contributions
 - A distribution of excess contributions and earnings from an IRA is exempted from the 10 percent additional tax on early distributions by amending IRC section 72(t)(2)(A)
 - Effective for any determination of penalties made after 12/29/2022

Investment-Related Provisions

QLAC and ETF changes

- Section 202. Qualifying longevity annuity contracts
 - Repeals the 25 percent limit and allowing up to \$200,000 (indexed) to be used from an account balance to purchase a QLAC
 - Effective for QLACs purchased or received in an exchange on and after 12/29/2022
- Section 203. Insurance-dedicated exchange-traded funds
 - Regulations governing the ETF structure are to be updated to facilitate a new type of ETF that is “insurance-dedicated”
 - Effective for segregated asset account investments made on or after 12/29/2029

Asset allocation funds

- Section 318, Performance benchmarks for asset allocation funds
 - Labor Secretary is directed to update the DOL's regulations so that an investment that uses a mix of asset classes can be benchmarked against a blend of broad-based securities market indices, provided (a) the index blend reasonably matches the fund's asset allocation over time, (b) the index blend is reset at least once a year, and (c) the underlying indices are appropriate for the investment's component asset classes and otherwise meet the rule's conditions for index benchmarks
 - DOL must update its regulations no later than 12/29/2024

Employer Tax Credits and Deductions

Small employer pension plan tax credit changes

- Section 102. Modification of credit for small employer pension plan startup costs
 - Increases the startup credit from 50 percent to 100 percent for employers with up to 50 employees, and provides an additional credit for DC plans as additional percentage of the amount contributed by the employer up to a per-employee cap of \$1,000
 - Effective for TYBA 12/31/2022
- Section 111. Application of credit for small employer pension plan startup costs to employers which join an existing plan
 - Now, employers that join a MEP are eligible for the start-up tax credit
 - Effective for TYBA 12/31/2019



Changes Affecting Plan Sponsorship and Administration

Military spouse plan eligibility

Improving coverage for part-time workers

- Section 112. Military spouse retirement plan eligibility credit for small employers
 - New tax credit for sponsors of defined contribution plans that make military spouses immediately eligible for plan participation; credit is sum of (1) \$200 per military spouse, and (2) 100 percent of all employer contributions (up to \$300) made on behalf of the military spouse, for a maximum tax credit of \$500
 - Effective for TYBA 12/29/2022
- Section 125. Improving coverage for part-time workers
 - Original SECURE Act provides that – except in the case of collectively bargained plans – employers maintaining a 401(k) plan must have a dual eligibility requirement under which an employee must complete either 1 year of service (with the 1,000-hour rule) or 3 consecutive years of service (where the employee completes at least 500 hours of service)
 - SECURE 2.0 reduces 3-year to 2-year effective for PYBA 12/31/2024

Retirement plan overpayments

Top-heavy rule changes

- Section 301. Recovery of retirement plan overpayments
 - Retirement plan fiduciaries now have the latitude to decide not to recoup overpayments that were mistakenly made to retirees
 - Effective as of 12/29/2022
- Section 310. Application of top-heavy rules to defined contribution plans covering excludable employees
 - Employer may perform the top-heavy test separately on the non-excludable and excludable employees, thereby removing the financial incentive to exclude employees from the 401(k) plan and increase retirement plan coverage to more workers
 - Effective for PYBA 12/31/2023

Deemed hardship certifications

Family attribution rule changes

- Section 312. Employer may rely on employee certifying that deemed hardship distribution conditions are met
 - Under certain circumstances, employees are permitted to self-certify that they have had an event that constitutes a hardship for purposes of taking a hardship withdrawal
 - Effective for PYBA 12/29/2022
- Section 315. Reform of family attribution rule
 - The first update addresses inequities where spouses with separate businesses reside in a community property state when compared to spouses who reside in separate property states. The second update modifies the attribution of stock between parents and minor children
 - Effective for PYBA 12/31/2023

Extension of time to amend plan to increase benefit accruals

Reduced “paperwork” for unenrolled participants

- Section 316. Amendments to increase benefit accruals under plan
 - Discretionary amendments that increase participants’ benefits may be adopted retroactively by the due date of the employer’s tax return
 - Effective for PYBA 12/31/2023
- Section 320. Eliminating unnecessary plan requirements related to unenrolled participants
 - No longer requires employers provide certain intermittent ERISA or IRC notices to unenrolled participants who have not elected to participate in a workplace retirement plan
 - Effective for PYBA 12/31/2022

Mortality tables

Paper statements

- Section 335. Corrections of mortality tables
 - Requires that for purposes of the minimum funding rules, a pension plan is not required to assume beyond the plan's valuation date future mortality improvements at any age greater than 0.78 percent. It dictates that the Treasury Secretary shall amend the relevant regulation on the matter within 18 months
 - Effective on 12/29/2022
- Section 338. Requirement to provider paper statements in certain cases
 - With respect to defined contribution plans, unless a participant elects otherwise, the plan is required to provide a paper benefit statement at least once annually
 - DOL guidance required by 12/31/2024 and annual paper statement is effective for PYBA 12/31/2025

Tribal government domestic relations orders

Defined contribution plan fee disclosures

- Section 339. Recognition of tribal government domestic relations orders
 - Amends the IRC and ERISA to add Tribal courts to the list of courts authorized under federal law to issue qualified domestic relations orders
 - Effective for domestic relations order received by plan administrators after 12/31/2022
- Section 340. Defined contribution plan fee disclosure improvements
 - Requires the DOL to review its fiduciary disclosure requirements in participant-directed individual account plan regulations
 - Effective date. A report must be submitted to Congress within 3 years on such findings, including recommendations for legislative changes

Certain plan notices

- Section 341. Consolidation of defined contribution plan notices
 - Directs the Treasury and DOL Secretaries within 2 years to amend regulations to permit a plan to consolidate certain required plan notices
- Section 343. Defined benefit annual funding notices
 - Aims to identify defined benefit pension plan funding issues more clearly on a plan's annual funding notice
 - Effective for PYBA 12/31/2023

Plan audits and amendments

- Section 345. Annual audits for group of plans
 - Clarifies that plans filing under a Group of Plans need only to submit an audit opinion if they have 100 participants or more. In other words, DOL and Treasury would continue to receive full audit information on at least the number of plans as under current law
 - Effective on 12/29/2022
- Section 401. Amendments relating to Setting Every Community Up for Retirement Enhancement Act of 2019
 - Effective as if included in the appropriate section of the original SECURE Act
- Section 501. Provisions relating to plan amendments
 - Allows plan amendments made pursuant to SECURE 2.0 to be made on or before the last day of the first plan year beginning on or after January 1, 2025 (2027 in the case of governmental plans) as long as the plan operates in accordance with such amendments as of the effective date of a bill requirement or amendment

Miscellaneous

Saver's Match promotion Rural Electric Cooperative plans

- Section 104. Promotion of Saver's Match
 - Directs the Treasury Department to increase public awareness of the Saver's Match to increase use of the match by low and moderate income taxpayers
 - The Treasury Secretary must report to Congress on the Treasury Department's anticipated promotion efforts no later than July 1, 2026
- Section 119. Application of IRC section 415 limit for certain employees of rural electric cooperatives
 - IRC section 415(b), which governs the benefit limits of defined benefit plans is amended to eliminate the 100% of compensation limitation for non-highly compensated participants who participate in a rural electric cooperative plan
 - Effective for limitation years ending after 12/29/2022

Savings bonds

ABLE programs

- Section 122. Assist States in locating owners of applicable savings bonds
 - To facilitate efforts to locate the owners of matured and unredeemed savings bonds, Section 122 requires the Treasury Secretary to share certain relevant information with a state that relates to an applicable savings bond registered to an owner with a last known or registered address in that state
 - Effective on 12/29/2022
- Section 124. Modification of age requirement for qualified ABLE programs
 - Increases the age by which blindness or disability must occur for an individual to be an eligible individual by reason of such blindness or disability for an ABLE program from 26 to 46
 - Effective for TYBA 12/31/2025

Retirement savings lost and found EPCRS changes

- Section 303. Retirement savings lost and found
 - Creates a national online searchable lost and found database for Americans' retirement plans at the DOL
 - Database is to be created no later than 12/29/2024
- Section 305. Expansion of Employee Plans Compliance Resolution System (“EPCRS”)
 - Expands EPCRS to (1) allow more types of errors to be corrected internally through self-correction, (2) apply to inadvertent IRA errors, and (3) exempt certain failures to make required minimum distributions from the otherwise applicable excise tax
 - Guidance must be promulgated no later than 12/29/2024

Reporting and disclosure report to Congress

Review of pension risk transfer

- Section 319. Review and report to Congress relating to reporting and disclosure requirements
 - Directs the Treasury Department, DOL, and Pension Benefit Guaranty Corporation to review reporting and disclosure requirements for pension plans as soon as practicable after enactment of SECURE 2.0. Section 319 further directs the agencies to make recommendations to Congress to consolidate, simplify, standardize, and improve such requirements no later than 3 years after the date of enactment of SECURE 2.0
- Section 321. Review of pension risk transfer interpretive bulletin
 - Requires the DOL to review the current interpretive bulletin governing pension risk transfers to determine whether amendments are warranted and to report to Congress its finding, including an assessment of any risk to participant, no later than 12/29/2023

Guidance on rollovers

Repeal of direct payment requirement

- Section 324. Treasury guidance on rollovers
 - Requires the Treasury Secretary to simplify and standardize the rollover process by issuing sample forms for direct rollovers that may be used by both the incoming and outgoing retirement plan or IRA. Development and release of the sample forms must be completed no later than January 1, 2025
- Section 328. Repeal of direct payment requirement
 - Current law [IRC section 402(l)(5)(A)] provides an exclusion from gross income (\$3,000) for a distribution from a governmental retirement plan to a public safety officer to pay for their health insurance premiums. The exclusion requires that the plan directly pay the insurance premiums
 - Section 328 repeals the direct payment requirement
 - Effective for distributions made after 12/29/2022

Special rules on use of retirement funds

Report to Congress on 402(f) notices

- Section 331. Special rules for use of retirement funds in connection with qualified federally declared disasters
 - The rules allow up to \$22,000 to be distributed from employer retirement plans or IRAs for affected individuals. Such distributions are not subject to the 10 percent additional tax and are taken into account as gross income over 3 years. Distributions can be repaid to a tax preferred retirement account
 - Effective for disasters occurring on or after 01/26/2021
- Section 336. Report to Congress on IRC section 402(f) notices
 - IRC section 402(f) notices are given by employer retirement plans in the case of a distribution to a participant that is eligible for rollover to another tax preferred retirement account and describes distribution options and tax consequences. GAO is to issue a report to Congress on their effectiveness by 06/29/2024

Financial Options Risk Mitigation Act Report on Pooled Employer Plans (“PEPs”)

- Section 342. Information needed for financial options risk mitigation act
 - Requires pension plan administrators to provide plan participants and retirees with critical information that would allow people considering what is best for their financial futures to compare between benefits offered under the plan and the lump sum, and would explain how the lump sum was calculated, the ramifications of accepting a lump sum, such as the loss of certain federal protections, details about the election period, where to follow up with questions, and other information
 - DOL is to issue regulations not earlier than 12/29/2023
- Section 344. Report on pooled employer plans
 - Requires the DOL Secretary to conduct a study on the new and growing pooled employer plan industry. A report on the findings of the study must be completed within 5 years, with subsequent reports completed every 5 years thereafter

WORK Act

Report on impact of inflation on retirement savings

- Section 346. Worker Ownership, Readiness, and Knowledge (WORK) Act
 - Boosts employee ownership programs through the DOL, which may make grants to promote employee ownership through existing and new programs. Funds are authorized to be appropriated for the purpose of making grants for fiscal years 2025 to 2029
- Section 347. Report by the Secretary of Labor on the impact of inflation on retirement savings
 - Directs the DOL Secretary, in consultation with the Treasury Secretary, to study the impact of inflation on retirement savings and submit a report to Congress within 90 days on the findings of the study

Charitable conservation easements

- Section 605. Charitable conservation easements
 - Section 605 disallows a charitable deduction for a qualified conservation contribution if the deduction claimed exceeds two and one half times the sum of each partner's relevant basis in the contributing partnership, unless the contribution meets a 3 year holding period test, substantially all of the contributing partnership is owned by members of a family, or the contribution relates to the preservation of a certified historic structure. In the case of a contribution for the preservation of a certified historic structure, a new reporting requirement applies. Section 605 also provides taxpayers the opportunity to correct certain defects in an easement deed (excluding easements involved in abusive transactions) and makes certain changes to statute of limitations and penalty provisions
 - Effective for contributions made after 12/29/2022

Tax Court Judges

- Section 701. Provisions relating to judges of the Tax Court
 - Provides parity between other federal judges and Tax Court judges by extending the same Thrift Savings Plan matching contributions policy to Tax Court judges. Additionally, Tax Court judges may elect to participate in a plan providing benefits for the judge's surviving spouse and dependent children
 - Effective on 12/29/2022
- Section 702. Provisions relating to special trial judges of the Tax Court
 - Special trial judges of the Tax Court are the only judicial officers who do not have an option to participate in a judicial retirement program. Section 702 establishes a retirement plan under which a special trial judge may elect to receive retired pay in a manner and under rules similar to the regular judges of the Court. The provision provides parity between special trial judges of the Tax Court and other federal judges
 - Effective 180 days after 12/29/2022



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