

SECURE 2.0

Provision	Description	Mandatory/Optional	Effective Date	Comments
Credit for Administrative Costs	Allows employers to deduct 100% of administrative and education costs up to a maximum of \$5,000	Optional	Tax years after 2022	<ul style="list-style-type: none"> Permitted for small employers with no more than 50 employees Credit permitted for up to three years Can apply credit to plans established in 2021 or 2022 Consult with your accountant
Startup Credit for Employer Contributions	Allows employers to take a maximum credit of \$1,000 per employee for employer contributions	Optional	Tax years after 2022	<ul style="list-style-type: none"> Full credit available only if employer has no more than 50 employees Credit is reduced to 75% in year 3, 50% in year 4, and 25% in year 5 If the employer claims the credit, they cannot claim a deduction Consult with your accountant
Increased RMD Age	Age for required minimum distribution increased to 73	Mandatory	2023	Increases to age 75 in 2033
Small Deferral Incentives	Permits de minimus financial incentives to employees who begin to defer	Optional	2023	<ul style="list-style-type: none"> No definition on "de minimus" Cannot be paid from plan assets Be conservative until guidance is provided
Long-Term Part-Time Employees	Years of vesting limited to years after 2020; LTPT become eligible to defer after 3 consecutive years	Mandatory	2024	<ul style="list-style-type: none"> Eligibility defined as 3 consecutive years with 500 -999 hours of service and attainment of age 21 Applicable to 401(k) plans
Spousal/Child Attribution Change	Removes common ownership between two companies if the sole commonality is between parent and child	Mandatory	2024	Two companies that no longer have common ownership may not participate in the same retirement plan under The Contractors Retirement Plan Master Trust
SIMPLE IRA Conversion	Permits conversion of a SIMPLE IRA to a Safe Harbor 401(k) plan mid-year	Optional	2024	Under current law, the SIMPLE plan must remain in place for the entire year
Increased Cash-Out Limit	Cash-out limit increased to \$7000 from \$5000	Optional	2024	Employers can implement this operationally in 2024 and amend the plan by the last day of the 2025 plan year (2027 for collectively bargained plans)
Long-Term Part-Time Employees	Eligible to defer after 2 consecutive years instead of 3	Mandatory	2025	<ul style="list-style-type: none"> Eligibility defined as 2 consecutive years with 500 -999 hours of service and attainment of age 21 Applicable to 401(k) plans
Auto Enrollment /Auto Increase	Must auto enroll eligible employees at 3% - 10% with an automatic increase of 1% annually until the cap of 10% -15%	Mandatory	2025	<ul style="list-style-type: none"> Applies to 401(k) plans established after 1/1/2023 Exempted if <10 employees but becomes applicable once the 11th employee is hired Exempted for the first 3 years of a new business Must establish at least a EACA which permits auto-enrolled participants to have their contributions returned if they opt out within 90 days of the 1st contribution
Increased Catch-up Contributions for some	Catch up limit raised for years a participant turns 60,61,62, or 63	Optional	2025	Limit is 150% of 2024 catch-up limit (indexed for inflation after 2025)