

# SECURE 2.0

## Upcoming Provision Changes

What do they mean for you?



# What We'll Discuss

- Distribution Changes
- What to Expect in 2025
- Attracting Employees
- What to Consider
- How You Can Prepare
- [How We Can Help]

# SECURE 2.0 Provision Timeline



2023

- Required Minimum Distribution (RMD) age and penalties
- Birth and Adoption Repayment
- Terminal Illness Distribution
- Federally Declared Disaster Qualification and Distributions
- Governmental 457(b) Plan Contributions
- Hardship/Unforeseeable Emergency Withdrawals
- Employer Contributions as Roth Contributions
- Incentives for Contributing

2024

- 529 Plans to Roth IRA Rollovers
- Victims of Domestic Abuse Distributions
- Student Loan Matching
- Emergency Savings Account and Distributions

2025

- Additional Catch-Up Contributions
- Automatic Enrollment for New Retirement Plans

2026

- Catch-Up Deferrals for Highly Compensated Individuals
- Disability Eligibility Age Requirements for ABLE Accounts
- Qualified Long-Term Care Distributions

2027

- First Responders Tax-Free Disability Pension Payments

● Required ○ Optional

# DISTRIBUTION CHANGES

# Newly Effective Distribution Rules



- **New Distributions:**
  - FEMA Distribution
  - Survivors of Domestic Abuse
  - Emergency Distribution
  - Pension-Linked Savings
- SECURE 2.0 now specifies optional repayment dates for all new distributions plus birth and adoption distributions.
- If allowed, participants can repay their distribution within three years on a post-tax basis.

# WHAT TO EXPECT IN 2025



# Automatic Enrollment



- Applies to 401(k) and 403(b) Plans
- New Plans will be required to enroll employees at a rate of at least 3%
- The contribution escalates at 1% per year
- The maximum automatic enrollment rate allowed is 15%

**Governmental entity participation is optional. If they do participate, they have flexibility to design their automatic enrollment as they wish.**

# Additional Catch-Up Contributions



- Applies to participants who are aged 60 to 63
- In 2025, the allowed catch-up contribution will increase to 150% of the regular catch-up limit in effect for that taxable year
  - Example: If the annual contribution limit for 2024 does not change for 2025, it would be  $\$7,500 \times 150\% = \$11,250$ 
    - The additional contribution plus the standard deferral limit would be  $\$34,250$
- Future catch-up limits will be indexed for inflation



# Catch-Up Deferrals for Highly Compensated Individuals



- Required for all highly compensated individuals
- Required for any deferral exceeding the standard **\$22,500** for tax year 2023
  - **15-year** catch-up
  - Age **50** catch-up
- Excess deferrals must be designated Roth contributions

# WHAT TO CONSIDER

# Requires Internal Discussion



Distribution Repayments



Self-Certification



Catch-Up Deferrals

# Prepare for 2026



Incorporate the Deferral  
Rule As Written



All Catch-Up Deferrals  
Must Be Roth



Disallow Catch-Up Deferrals

# ATTRACTING EMPLOYEES

# Increased Plan Participation & Retention



Incentives for Contributing



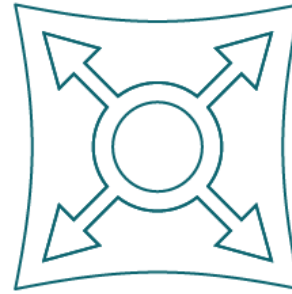
Student Loan Matching



Automatic Enrollment



# Tailored Solutions



## Flexibility of Contributions in a 403(b) Plan

- Mandatory
- Matching
- Discretionary



## Benefits of Adding a 457(b) Plan

# HOW YOU CAN PREPARE

# Planning

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- Understand the timing importance of adding optional provisions
- Collaborate with plan administrators to understand provisions
- Speak with legal advisors on what changes should be considered
- Educate employees on changes that impact them
- Understand which provisions could help with employee retention and recruiting



# Understand the Costs

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- New processes and systems
- Additional staffing needed
- Additional training needed
- Communication
- Costs associated with new rules



# Employee Communication

- When should you communicate these changes with your employees?
- How do you want to deliver this message?
- Who should communicate with them?
- What should you communicate:
  - Tax Implications
  - Self-Certification Methods
  - Process Changes





# How We Can Help

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- By partnering with us, you can focus on what matters to you.
- Our goal is to assist you in making important decisions to create and manage your Plans.





# Questions?



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