

OPTIONAL PROVISIONS

Section	Pre-SECURE 2.0	Provision description	Optional or mandatory	Effective date	WEA TSA 403(b) program provision availability
Sec. 120 Auto-Portability Rollovers	An employer is permitted to distribute a participant's account balance without participant consent if the balance is under \$5,000 and the balance is immediately distributable. The employer is required to roll over this distribution into a default IRA if the account balance is at least \$1,000 and the participant does not affirmatively elect otherwise.	A plan service provider is permitted to provide employer plans with automatic portability services. Such services involve 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.	Optional	2024	Not currently on the road map
Sec. 112 Military Spouse Retirement Plan Eligibility Credit for Small Employers	No tax credit for small employers employing military spouses.	Employers receive a tax credit if they (1) make military spouse immediately eligible for plan participation within 2 months of hire, (2) upon eligibility, make the military spouse eligible for any matching or nonelective contribution they would have been eligible for otherwise at 2 years of service, and (3) make the military spouse 100% immediately vested in all employer contributions.	Optional	2024	Not applicable
Sec. 109 Higher Catch-Up Limits for Ages 60, 61, 62, and 63	Aged-base catch-up contributions are limited to the age-50 catch-up limit.	Plans can now add another catch-up provision for employees aged 60-63, increasing catch-up contributions to \$10,000 (or 150% of the regular age 50 catch-up limit of 2024). <i>Mandatory Roth catch-up rules applicable to high earners making over \$145,000 in FICA wages (as indexed) effective in 2026.</i>	Optional	2025	Anticipated availability mid-year 2025
Saver's Match	Current taxpayer tax refund.	Current taxpayer tax refund will be paid as a saver's match rather than a credit. Plan must allow contribution in the plan.	Optional	2027	2027

SECURE 2.0 Act of 2022

Key provision roll out dates



The SECURE 2.0 Act has both mandatory provisions that may affect your plan and optional provisions that you may allow in your plan. The provisions are intended to expand coverage, increase retirement savings, and simplify and clarify retirement plan rules.

Effective dates for both the mandatory and optional provisions in SECURE 2.0 Act range anywhere from immediate to as far out as 2033. However, as a 403(b) plan sponsor, there are several optional provisions that can be adopted now, subject to limitations by the recordkeeper.

MANDATORY PROVISIONS

Section	Pre-SECURE 2.0	Provision description	Optional or mandatory	Effective date	WEA TSA 403(b) program provision availability
Sec. 107 Increased Age for Required Beginning Date	Required beginning date was increased to age 72 in January 2020	Required beginning date age was again increased from age 72 to 73 in 2023, and then to age 75 in 2032 (or the year of retirement, if later, for certain employer plan participants).	Mandatory	2023	Implemented 2023
Sec. 311 Qualified Birth and Adoption Distributions (QBADs) Can Be Paid Back	Plan sponsor could allow QBADs. QBADs may be repaid to the plan at any time and are treated as rollovers.	QBAD repayments must be paid within 3 years from the day after the distribution was made. For QBADs taken before December 29, 2022, distribution must be repaid before January 1, 2026.	QBAD distributions are optional, but if selected, this provision is mandatory.	2023	Implemented 2023
Sec. 325 Roth Plan Distribution	Required minimum distributions (RMDs) were required for designated Roth monies at required beginning date.	The provision eliminated RMDs from designated Roth accounts held in retirement accounts.	Mandatory	2024	Implemented 2024
Sec. 603 Roth Catch-Up Contributions	Elective catch-up contributions could be made on a pre-tax or Roth basis.	Catch-up contributions for individuals earning more than \$145,000 in the previous calendar year must be made as Roth (after-tax) contributions.	Mandatory	2026 (delayed)	Anticipated availability January 2026



This explanation is for informational purposes only and may not be construed as legal or tax advice. We encourage you to consult with a professional legal or advisor before taking any action..



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Sec. 312 Hardship Self-Certification	Hardship distributions required employer approval.	Employers may rely on employees self-certifying that deemed hardship distribution conditions are met. There may be possible exceptions to this reliance, such as where the plan sponsor has actual knowledge that is inconsistent with the employee's self-certification.	Optional	2023	Q3 2024
Sec. 326 Exception to Penalty on Early Distributions From Qualified Plans for Individuals With Terminal Illness	Distributions to terminally ill individuals were assessed a 10% early withdrawal penalty.	Terminally ill employees are exempt from the 10% early withdrawal penalty. The plan may allow distributions to be recontributed back to the plan within 3 years.	Optional	2023	Anticipated availability mid-year 2025
Sec. 331 Qualified Federally Declared Disasters	Distributions in federally declared disaster areas were allowed.	The provision provides permanent rules relating to the use of retirement funds in the case of a federally declared disaster. It allows up to \$22,000 to be distributed and is not subject to the 10% federal penalty. The plan can allow recontribution of these distributions if the funds were not ultimately used to acquire a residence.	Optional	2023	Implemented 2023
Sec. 604 Optional Treatment of Employer Matching or Nonelective Contribution as Roth Contributions	All employer contributions were made as pre-tax contributions.	Employers are allowed to provide participants with the option of receiving employer-matching contributions and employer non-elective contributions on a Roth basis. <i>There are questions and issues that will require further IRS guidance for the employer to be assured that they are administering this provision correctly, such as tax reporting and taxation.</i>	Optional	2023	Anticipated availability mid-year 2025
Sec. 110 Student Loan Payments as Elective Deferrals for Purposes of Matching Contributions	A matching contribution cannot be made based on student loan repayments.	Employer contributions made on behalf of employees for "qualified student loan payments" are treated as matching contributions so long as certain requirements are satisfied. Applies to 403(b) plans.	Optional	2024	Anticipated availability mid-year 2025



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Sec. 113 Small Financial Incentives	Financial incentives were considered prohibited transactions.	Employers are allowed to offer small financial incentives, such as gift cards, to join the plan if the incentives are not paid for with plan assets.	Optional	2024	Not applicable
Sec. 115 Withdrawals for Emergency Expenses	The law imposes a 10% penalty on early withdrawals before normal requirement age from tax-preferred retirement accounts.	Penalty-free withdrawal of up to \$1,000 per year for "unforeseeable or immediate financial needs relating to personal or family emergency expenses" is now allowed. Recontributions are allowed if the plan allows.	Optional	2024	Anticipated availability mid-year 2025
Sec. 127 Emergency Savings Accounts (ESAs) Linked to Individual Account Plans	Some employers began offering ESAs, both inside and outside of the qualified plan. The "in-plan" approach is complicated by a lack of clarity with respect to certain ERISA and Code issues.	Plan sponsors can amend their plan to offer short-term ESAs as part of a defined contribution plan. ESAs must be funded post-tax with Roth contributions (but segregated from designated Roth contributions) and have a \$2,500 maximum cap.	Optional	2024	Not currently on the road map
Sec. 304 Updating Dollar Limit for Mandatory Distributions	Employers may immediately distribute, without the consent of the participant, and directly roll over former employees' retirement.	Increases the involuntary cash-out limit from \$5,000 to \$7,000.	Optional	2024	Not applicable
Domestic Abuse Penalty-Free Distribution	Unable to take a penalty-free distribution for domestic abuse purposes.	A participant may take up to \$10,000 (or 50% of vested account balance) within 1 year of the date of abuse without penalty. Recontribution within 3 years may be allowed in the plan.	Optional	2024	Anticipated availability mid-year 2025
Sec. 602 Hardships for 403(b) Plans	Hardship distributions in 403(b) plans limited distributions to elective contributions.	The provision brings hardship regulations in line with 401(k) hardship requirements. The 403(b) plan can now allow hardship withdrawals of earnings attributable to the employee's elective deferrals as well as distributions from nonelective and matching contribution sources. It also confirms the 403(b) plan participant is not required to take available loans before obtaining a hardship withdrawal.	Optional	2024	Q3 of 2024