



# SECURE 2.0 Act—cheat sheet

## From the Field

March 2024

### What happened

In December 2022, President Joe Biden signed into law the “Consolidated Appropriations Act, 2023,” which included a major package of retirement savings provisions known as the SECURE 2.0 Act (commonly known as SECURE 2.0).

### Potential impact

SECURE 2.0 is a meaningful step toward the retirement security of all Americans to help improve individuals’ ability to save for retirement, expand access to retirement plans, and ease plan administration for employers.

### Our commitment

T. Rowe Price supported many of the SECURE 2.0 provisions that advance retirement security.

We continue to help our clients implement the provisions that have gone into effect and are closely monitoring the impact of SECURE 2.0 as we work with institutions, employers, and financial professionals to help individuals achieve their best retirement outcomes.

We also recognize that more retirement legislation is needed, and we will continue to engage legislators and policymakers in the future. In addition, we are working with trade associations and regulators as they propose rules to implement the SECURE 2.0 provisions.

## Highlights

### SECURE 2.0 includes provisions that:

- Enable matching contributions for student loan payments
- Enable plans to include emergency savings accounts
- Encourage automatic enrollment and automatic contribution increases
- Increase the catch-up contribution limit
- Permit older workers to save more and stay invested longer
- Allow simplified disclosures
- Provide new and enhanced credits for small businesses sponsoring plans

*See the following pages for a summary of key provisions and their effective dates.*

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## Key provisions

### Provisions in effect

Section	Description	Effective Date
<b>Section 102</b> Modification of credit for small employer pension plan start-up costs	Increases the start-up credit from 50% to 100% for employers with up to 50 employees. Additional credit provided based on employer contribution.	Taxable years after December 31, 2022
<b>Section 107</b> Increase in age for required beginning date for mandatory distributions	Increases the required minimum distribution (RMD) age to 73 starting on January 1, 2023, and to 75 starting on January 1, 2033.	January 1, 2023, and January 1, 2033
<b>Section 112</b> Military spouse retirement plan eligibility credit for small employers	Provides small employers a tax credit with respect to their defined contribution plans if they allow military spouses to participate with certain requirements.	Taxable years after December 29, 2022
<b>Section 113</b> Small immediate financial incentives for contributing to a plan	Enables employers to offer de minimis financial incentives, not paid for with plan assets, such as low-dollar gift cards, to boost employee participation in workplace retirement plans.	Plan years after December 29, 2022
<b>Section 128</b> Enhancement of 403(b) plans	Changes tax laws to allow 403(b) custodial accounts to participate in collective investment trusts. NOTE: The needed securities law provisions were not included.	Effective after December 29, 2022
<b>Section 201</b> Remove RMD barriers of life annuities	Eliminates certain barriers to the availability of life annuities in qualified plans and IRAs that arise under current law due to an actuarial test in the RMD regulations.	Calendar years ending after December 29, 2022
<b>Section 202</b> Qualifying longevity annuity contracts (QLAC)	Repeals the 25% limit and allows up to \$200,000 (indexed) to be used from an account balance to purchase a QLAC.	Effective for contracts purchased or received in an exchange on or after December 29, 2022
<b>Section 301</b> Recovery of retirement plan overpayments	Allows retirement plan fiduciaries the latitude to decide not to recoup overpayments that were mistakenly made to participants, including retirees. Certain overpayments may also be treated as eligible rollover distributions.	Effective December 29, 2022
<b>Section 302</b> Reduction in excise tax on certain accumulations in qualified retirement plans	Reduces the penalty for failure to take RMDs from 50% to 25%, with a further reduction to 10% if the RMD failure is corrected in a timely manner.	Taxable years after December 29, 2022
<b>Section 305</b> Expansion of Employee Plans Compliance Resolution System (EPCRS)	Expands EPCRS to (1) allow inadvertent errors to be self-corrected within a "reasonable time" and (2) apply to inadvertent IRA errors.	Effective December 29, 2022; any required guidance shall be promulgated no later than two years after the date of enactment of this act

Note: Effective dates generally apply to taxable years or plan years, as applicable, beginning on or after the listed dates. Variations are noted in the effective date column.

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## Key provisions

### Provisions in effect

Section	Description	Effective Date
<b>Section 306</b> Eliminate the “first day of the month” requirement for governmental 457(b) plans	Allows participants in governmental 457(b) plans to change their deferral rate at any time, i.e., it is no longer necessary to request a deferral change prior to the beginning of the month in which the deferral was made.	Taxable years after December 29, 2022
<b>Section 311</b> Repayment of qualified birth or adoption distribution (QBAD) limited to three years	Amends the QBAD provision to restrict the recontribution period to three years for distributions made after enactment and to January 1, 2026, for distributions made prior to enactment.	Distributions made after December 29, 2022, and retroactively to effective date of the original SECURE Act for distributions prior to enactment
<b>Section 312</b> Employer may rely on employee certifying that deemed hardship distribution conditions are met	Allows employees to self-certify that they have had an event that constitutes a hardship or unforeseeable emergency for purposes of taking a hardship or unforeseeable emergency withdrawal.	Plan years beginning after December 29, 2022
<b>Section 318</b> Performance benchmarks for asset allocation funds	Directs the U.S. Department of Labor (DOL) to update the fee and investment disclosure regulations within two years after the date of enactment so that investments that use a mix of asset classes, such as target date investments, can be benchmarked against a blend of broad-based securities market indices.	Effective December 29, 2022
<b>Section 320</b> Eliminating unnecessary plan requirements related to unenrolled participants	Eliminates requirement for employers to provide certain annual ERISA or code notices to unenrolled participants who have not elected to participate in a workplace retirement plan, provided they receive disclosures initially and a subsequent annual reminder of the right to enroll.	Plan years beginning after December 31, 2022
<b>Section 331</b> Special rules for use of retirement funds in connection with qualified federally declared disasters	Provides permanent rules relating to the use of retirement funds in the case of a federally declared disaster.	Disasters occurring on or after January 26, 2021
<b>Section 601</b> SIMPLE and SEP Roth IRAs	Allows SIMPLE IRAs to accept Roth contributions. Also allows employers to offer employees the ability to treat employee and employer SEP contributions as Roth (in whole or in part).	Taxable years beginning after December 31, 2022
<b>Section 604</b> Optional treatment of employer matching or nonelective contributions as Roth contributions	Allows defined contribution plans to provide participants with the option of receiving matching and nonelective contributions on a Roth basis.	Effective for contributions made after December 29, 2022

## Key provisions

### Provisions that went into effect on January 1, 2024

Section	Description	Effective Date
<b>Section 110</b> Student loan matching	Permits an employer to make matching contributions under a 401(k) plan, 403(b) plan, governmental 457(b) plan, or SIMPLE IRA with respect to “qualified student loan payments.”	Plan years beginning after December 31, 2023
<b>Section 115</b> Penalty-free withdrawals for certain emergency expenses	Provides an exception to the early withdrawal penalty for distributions up to \$1,000 annually used for emergency expenses. A taxpayer has the option to repay the distribution within three years. For three calendar years following a distribution, an individual is restricted from taking additional distributions unless the original distribution is repaid or the individual makes contributions to their account equal to the amount of the distribution.	Distributions made after December 31, 2023
<b>Section 117</b> Contribution limit for SIMPLE plans	Increases the annual deferral limit and the catch-up contribution limit at age 50 by 10% in SIMPLE IRAs, as compared with the limit that would otherwise apply in the first year this change is effective. Employees with 26 to 100 employees: Employers are permitted to provide higher deferral limits, but only if the employer either provides a 4% matching contribution or a 3% employer contribution. Makes similar changes to contribution limits for SIMPLE 401(k) plans.	Taxable years beginning after December 31, 2023
<b>Section 120</b> Prohibited transaction exemption for certain automatic portability transactions	Permits a retirement plan service provider to provide employer plans with automatic portability services. Such services involve the automatic transfer of a participant’s balance in a 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 December 29, 2023 (12 months after enactment)
<b>Section 121</b> 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) with simplified requirements and lower contribution limits.	Plan years beginning after December 31, 2023
<b>Section 127</b> Emergency savings accounts linked to individual account plans	Provides employers the option to offer to their non-highly compensated employees pension-linked emergency savings accounts (PLESA). Contributions are treated as Roth and are prohibited once the portion of the PLESA account balance attributable to PLESA contributions meets or exceeds \$2,500 (indexed). Auto-enrollment and match are permitted, subject to conditions.	Plan years beginning after December 31, 2023
<b>Section 304</b> Updating dollar limit for mandatory distributions	Increases the amount that plans can require to be distributed following termination without consent from \$5,000 to \$7,000.	Distributions made after December 31, 2023

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## Key provisions

Section	Description	Effective Date
<b>Section 314</b> Penalty-free withdrawals for victims of domestic abuse	Allows retirement plans to permit participants that self-certify that they experienced domestic abuse to withdraw up to the lesser of \$10,000 indexed (or 50% of the vested balance) within one year of incident without penalty.	Distributions made after December 31, 2023
<b>Section 325</b> Roth plan distribution rules	Eliminates pre-death RMDs from Roth accounts in employer plans.	Taxable years beginning after December 31, 2023 (Note: Change does not apply to distributions required with respect to years beginning before January 1, 2024, but payable on or after such date.)
<b>Section 602</b> Hardship withdrawal rules for 403(b) plans	More closely aligns the hardship rules for 403(b) plans to those for 401(k) plans.	Plan years beginning after December 31, 2023

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## Key provisions

### Provisions effective by January 1, 2025

Section	Description	Effective Date
<b>Section 101</b> Expanding automatic enrollment in retirement plans	Requires auto-enrollment and auto-escalation for all 401(k) and 403(b) plans (with certain exceptions for collective bargaining plans, church plans, and governmental plans, as well as plans established on or before December 29, 2022). The initial automatic enrollment amount is at least 3% but not more than 10%. Each year thereafter, that amount is increased by 1% until it reaches at least 10% but not more than 15%.	Plan years beginning after December 31, 2024
<b>Section 109</b> Higher catch-up limit to apply at ages 60, 61, 62, and 63	Increases catch-up limits to the greater of \$10,000 (\$5,000 for SIMPLE plans) or 50% more than the regular catch-up amount in 2025 for individuals who have attained ages 60, 61, 62, and 63. The increased amounts are indexed for inflation after 2025.	Taxable years beginning after December 31, 2024
<b>Section 125</b> Improving coverage for part-time workers	Reduces to two years (from three years) the requirement to allow long-term, part-time workers to participate in employers' 401(k) plans and extends these rules to ERISA-covered 403(b) plans.	Plan years beginning after December 31, 2024
<b>Section 303</b> Retirement savings lost and found	Requires DOL to create and administer a national online searchable lost and found database for Americans' retirement plans; requires plan administrators to provide annual reporting of disposition of balances for vested terminated participants.	Directs the creation of the database no later than two years after the date of enactment of this act

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## Key provisions

### Provisions effective by January 1, 2026

Section	Description	Effective Date
<b>Section 338</b> Requirement to provide paper statements in certain cases	Amends ERISA to generally provide that, 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.	Plan years beginning after December 31, 2025
<b>Section 603</b> Elective deferrals generally limited to regular contribution limit	Provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. An exception is provided for employees with wages of \$145,000 or less (indexed) in the prior year.	Taxable years beginning after December 31, 2025

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## Key provisions

### Provisions effective by January 1, 2027

Section	Description	Effective Date
<b>Section 103</b> Saver's Match	Changes the Saver's Credit (applicable to tax obligations) to a federal "match" deposited into a taxpayer's IRA or retirement plan that accepts such contributions; increases eligibility for the Saver's Match.	Taxable years beginning after December 31, 2026

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## Questions

Please contact your T. Rowe Price representative with questions about the key provisions in this cheat sheet or any other provisions included in SECURE 2.0.

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