



## LEGAL UPDATE

# “SECURE 2.0” becomes law

On Dec. 29, 2022, President Biden signed the **Consolidated Appropriations Act of 2023**, an omnibus bill that includes “SECURE 2.0” legislation and builds on the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019.

The bill includes over 90 wide-ranging provisions that affect retirement plans.

Key SECURE 2.0 provisions include:

- ✓ **Requiring automatic enrollment** in new 401(k) and 403(b) retirement plans for plan years beginning after Dec. 31, 2024.
- ✓ **Increasing the age for required minimum distributions** (SECURE 2.0 raises the age to 73 starting on Jan. 1, 2023, and further to age 75 on Jan. 1, 2033).
- ✓ **Further reducing service requirements thereby improving coverage** for part-time workers to participate in 401(k) plans (for plan years beginning after Dec. 31, 2024).
- ✓ **Indexing IRA catch-up contribution limits for people aged 50 and over** (for taxable years beginning after Dec. 31, 2023).
- ✓ **Increasing the catch-up limit to apply at age 60, 61, 62, and 63** (for taxable years beginning after Dec. 31, 2024).
- ✓ **Catch-up contributions to qualified retirement plans subject to Roth tax treatment** unless employees have compensation below a certain threshold (effective for tax years beginning after Dec. 31, 2023).
- ✓ **Increasing the mandatory distribution limit to \$7,000** (for distributions made after Dec. 31, 2023).
- ✓ **Allowing SIMPLE IRAs to accept Roth and certain additional employer contributions** (for tax years beginning after Dec. 31, 2022 (Roth) or after Dec. 31, 2023 (employer contributions)).
- ✓ **Permitting midyear replacement of SIMPLE plans with safe harbor 401(k) plans** (for taxable years after Dec. 31, 2023).
- ✓ **Treating student loan payments as elective deferrals for purposes of matching contributions** (for plan years beginning after Dec. 31, 2023).
- ✓ **Permitting certain rollovers from 529 accounts to Roth IRAs** (for distributions after Dec. 31, 2023).
- ✓ **Increasing the credit for small employer pension plan startup costs** (increased from 50 to 100% for taxable years after Dec. 31, 2022).
- ✓ **Establishing a national, online Retirement Savings Lost & Found Database** for workers and retirees to find their lost retirement accounts (creation of the database no later than two years after the date of enactment of SECURE 2.0).

## LEGISLATIVE RESOURCES

### SECTION-BY-SECTION SUMMARY

A section-by-section summary of the legislation can be found [here](#).

### ORIGINAL SECURE ACT

The U.S. Department of Labor has created a **SECURE Act webpage** for more information on the 2019 law.

The bipartisan legislation builds on the original SECURE Act of 2019, with varying effective dates for its numerous provisions.



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