



SECURE

2.0

ACT OF 2022


A CLOSER LOOK: SELF-CERTIFICATION


When Congress passed the SECURE 2.0 Act in 2022, it spanned nearly 400 pages and included 92 provisions. So you don't need to wade through the whole document, we're highlighting key provisions that impact most retirement plans.


The SECURE 2.0 Act provides for employee self-certification in three areas:


- **Section 110**, Employer match on student loan payments
- **Section 115**, Withdrawals for certain emergency expenses
- **Section 312**, Self-certification for certain hardship withdrawals


SECTION 110, EMPLOYER MATCH ON STUDENT LOAN PAYMENTS

 **What it means:** Section 110 allows employers to treat qualified student loan payments as elective deferrals for purposes of matching contributions in 401(k), 403(b), SIMPLE IRA, or 457(b) plans, and employees to self-certify their payments. Plans may perform a separate nondiscrimination test for these contributions. Employers adding this provision must give employees at least three months after the close of the plan year to self-certify the amount of their qualified student loan payments for the current plan year.


 **Why it happened:** Repaying student loans has kept some employees from contributing to their workplace retirement plan. In addition to missing out on their own tax-deferred contributions, they potentially miss out on employer matching contributions. Section 110 allows them to receive the employer match based on self-certified loan repayments.

 **The impact:** The provision makes it easier for employees making qualified student loan payments who miss out on employer matching contributions they would have received had they contributed to their workplace retirement plan.

 **Effective date:** Contributions made for plan years beginning after December 31, 2023.

 **Transamerica support date:** Support available for 2024 plan year

SECTION 115, WITHDRAWALS FOR CERTAIN EMERGENCY EXPENSES

 **What it means:** Plans may be amended to permit participants to take in-service withdrawals for emergency personal expenses; the withdrawal is not subject to the 10% early withdrawal penalty. An emergency personal expense withdrawal under Section 115 can't be more than \$1,000 per year, must be necessary to meet unforeseeable or immediate personal or family emergency expenses, and may be repaid within three years. The employee may self-certify that the distribution meets these conditions.



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Why it happened: When facing an emergency expense, employees may turn to credit cards or hardship withdrawals from their retirement accounts. Section 115 allows participants to withdraw a limited amount from their retirement account without the 10% penalty that may otherwise apply.



The impact: Reduces the administrative burden on participants in tax-preferred retirement accounts such as 401(k) plans and individual retirement accounts.



Effective date: Distributions after December 31, 2023.



Transamerica targeted support date:
Available

SECTION 312, SELF-CERTIFICATION FOR CERTAIN HARDSHIP WITHDRAWALS



What it means: Employers who sponsor 401(k) or 403(b) plans may amend their administrative procedures to accept a participant's self-certification that the reason for the hardship withdrawal is one of the seven permitted safe harbor hardship reasons and that the requested amount does not exceed the amount required to satisfy the need. Sponsors of 457(b) plans may similarly amend their administrative procedures with respect to unforeseeable emergencies.



Why it happened: Self-certification of hardship withdrawals significantly reduces the administrative burden on plans administrators. It also enables the participant to receive needed funds as rapidly as possible, improving the participant's experience in a challenging financial time.



The impact: By offering self-certification for hardship withdrawals, plan sponsors can now offer participants seeking a hardship withdrawal a more streamlined and timely experience when they are most in need of financial assistance.



Effective date: Plan years following enactment of SECURE 2.0, December 29, 2022.



Transamerica support date:
Speak to your Transamerica representative for support availability.

