



PROVISIONS FOR NEW PLANS

Building on the SECURE Act of 2019, the SECURE 2.0 Act is a law designed to help Americans save more for retirement with more options and improved access to retirement plans. It includes several provisions that impact new employer-sponsored retirement plans, including the following.

§ 101: EXPANDING AUTOMATIC ENROLLMENT

Retirement plans established after December 29, 2022 must include an eligible automatic contribution arrangement (EACA) by plan years beginning in 2025. Exceptions for new employers, small employers, and governmental, church, and SIMPLE plans. Plans existing before enactment of SECURE 2.0 are grandfathered and therefore not subject to this requirement.

Effective: Plan years starting after December 31, 2024

Impact/actions: 401(k) and 403(b) plans must add an EACA, unless plan meets an exception

§ 121: STARTER 401(K) PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN

Allows eligible employers to establish a Starter 401(k) Deferral-Only Arrangement or a Safe Harbor Deferral-Only Plan under 403(b). Plan must include:

- Automatic enrollment
- Annual deferral limit of \$6,000, plus catch-up
- No employer contributions permitted

Effective: Plan years after December 31, 2023

Impact/actions: Available to adopt if maintaining no other plan (union plan exception)

§ 102: MODIFICATIONS TO CREDIT FOR SMALL EMPLOYER PLAN STARTUP COSTS

The small employer plan startup credit is increased to 100% for employers with up to 50 employees, subject to phase-outs and limits. With the exception of defined benefit plans, a new credit is established for employer contributions, capped at \$1,000 per employee.

Effective: Taxable years after December 31, 2022

Impact/actions: Eligible employers may claim applicable credits



§ 111: APPLICATION OF STARTUP CREDIT WHEN JOINING AN EXISTING PLAN

Three-year startup credit available to employers participating in a MEP/PEP is based on when the participating employer joins the MEP/PEP, not when the MEP/PEP was started, subject to the credit's general conditions.

Effective: Taxable years after December 31, 2019

Impact/actions: Eligible employers may claim applicable credits

§ 317: RETROACTIVE FIRST-YEAR ELECTIVE DEFERRALS FOR SOLE PROPRIETORS

Sole proprietors with no other employees may make elective deferrals to a 401(k) plan after the close of the first plan year. Deferrals must be made before the due date for the individual's tax return, without regard to extensions, for the taxable year ending after (or with) the end of the plan's first plan year.

Effective: Plan years beginning after December 29, 2022

Impact/actions: Discretionary for first plan year contributions

