



A detailed look at provisions across defined benefit plans

The SECURE 2.0 Act of 2022 (SECURE 2.0) made sweeping changes to laws affecting retirement-related programs and benefits. This reference chart provides a brief description of the Act's changes that affect plan sponsors with a defined contribution plan and the SECURE 2.0 section where more information can be found.



| Provision ¹ | Description | Effective Date | Optional or Mandatory | SPONSOR: Plan Document review and Amendment Required | TRS: Systems/Procedures Update |
|--|--|--|-----------------------|--|---|
| § 107: Increase in Age for RMD Required Beginning Date | Required beginning date for required minimum distributions (RMDs) is age 73 for individuals who attain age 72 after December 31, 2022 and age 73 before January 1, 2033; and age 75 for individuals who attain age 74 after December 31, 2032. | January 1, 2023 (with respect to the age change to 73) | Mandatory | Yes | Update RMD process to identify population based on new RMD age. TRS will ensure sponsors that amend plans to not adopt new age (i.e., force out participants earlier than required age) are setup with custom RMD age. Actuarial increase still begins at age 70.5, so delayed commencement may have potential cost exposure. |

¹ References are to provisions of the Secure 2.0 Act of 2022 (Act)

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| <p>§ 301: Recovery of Retirement Plan Overpayments</p> | <p>Not required to seek recovery unless materially affects the plan's ability to pay benefits to other participants.</p> <p>Recoupment of payments which commenced prior to date of the Act may continue.</p> <p>Restrictions if recoup overpayments from participant:</p> <ul style="list-style-type: none"> • Recoupment not available if the first overpayment occurred more than 3 years before first participant notification in writing of error (exception in case of fraud/misrepresentation by the participant). • No interest or fees may be charged. • Recoupment of overpayments to participant may not be sought from any beneficiary of the participant. <p>Limitations if recovering from participant by reducing future payments of a non-decreasing annuity:</p> <ul style="list-style-type: none"> • Amount recovered in a calendar year is no more than 10 percent of the full dollar amount of the overpayment • Future benefit payments are not reduced to below 90 percent of the amount otherwise payable • Reduction in benefit payments ceases after full amount of overpayment is recovered | <p>December 29, 2022; Immediate</p> | <p>Restrictions are mandatory; Discretion to recoup overpayments is optional</p> | <p>No; unless there are overpayment provisions in your plan document</p> | <p>Update overpayment best practice to comply with new requirements.</p> |
| <p>§ 302: Reduction in Excise Tax for Required Minimum Distribution Failures</p> | <p>The excise tax on the failure to take an RMD is reduced from 50% to 25%. The excise tax is further reduced on certain RMD failures from 25% to 10% if the failure is corrected during a two-year correction window.</p> | <p>Taxable years after December 29, 2022</p> | <p>N/A</p> | <p>No</p> | <p>Update RMD cover letters with general reference to excise tax. Removed specific percentage. No change to procedures.</p> |
| <p>§ 305: Employee Plans Compliance Resolution System (EPCRS) Expansion</p> | <p>The Employee Plans Compliance Resolution System "EPCRS" is expanded to allow more types of errors to be self-corrected (SCP). Plans can use SCP to correct an eligible inadvertent error as long as they take some action demonstrating commitment to self-correct before Treasury discovers the error and make the correction within a reasonable time after discovering the error.</p> | <p>December 29, 2022; IRS to update guidance by December 29, 2024</p> | <p>N/A</p> | <p>No</p> | <p>Update best practice documentation for corrections.</p> |

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| § 335: Corrections of Mortality Tables | Creates a limit (not necessarily a correction) on assumed annual future improvement in mortality used for ERISA purposes. Directs Treasury to amend final regulations by June 2024. New regulation must require for valuation dates occurring during or after 2024, mortality improvement rates not to assume, for years beyond the valuation date, future mortality improvements at any age greater than 0.78% (i.e., the rate generally used by the SSA in its Intermediate Assumptions) | December 29, 2022; Regulatory changes needed | N/A | No; unless specifically addressed in your plan document | Possible disconnect reemerging between funding liabilities and ultimate settlement/accounting liabilities. Incorporate into projections |
| § 348: Cash Balance Plans Interest Rate | For purposes of the of the IRC and ERISA anti-backloading compliance testing rule, the interest crediting rate that is treated as in effect and as the projected interest crediting rate is a reasonable projection of such variable interest rate, subject to a maximum of 6%. | Plan years after December 29, 2022 | Optional | Yes | Review cash balance option or existing cash balance design. |
| § 349: PBGC - Termination of Variable Rate Premium (VRP) Indexing | Eliminates the indexing of the Variable Rate Premium and freezes the VRP rate at the 2023 level (\$52 per \$1,000 of unfunded vested benefits). Per participant variable cap and regular flat rate premium will continue to be indexed. | Plan years after December 31, 2023 | N/A | No | 5.2% of the unfunded liability. Underfunded plans subject to the cap will continue to see their variable rate premium rise. |
| § 606: Enhancing Retiree Health Benefits in Pension Plans | Transfers are permitted through December 31, 2032, to pay retiree health and life insurance benefits to the extent that plan assets exceed 110% of the sum of the funding target and the target normal cost of the plan, provided that applicable requirements are met. | Transfers after December 29, 2022 | N/A | Yes | Extended availability until 2032 and lowered the funding level at which transfers could occur. |
| § 304: Updating Dollar Limit for Mandatory Distributions | Increases the small balance cash-out limit from \$5,000 to \$7,000 (amends both IRC sections 401(a)(31)(B)(ii) and 411(a)(11)(A) and ERISA section 203(e)(1)). | Distributions made after December 31, 2023 | Optional | Yes; Act changes maximum limit; plan must affirmatively adopt higher limit. | With written client direction (and amendment to follow), TRS systems will be coded for new cash-out limit. Cashing out small benefits may help reduce headcount related expenses. |

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| § 316: Amendments to Increase Benefit Accruals for Previous Plan Year | Retroactive discretionary plan amendments generally permitted if they increase accrued benefits during the immediately preceding plan year; must be adopted before employer’s tax filing deadline (with extensions) for the year for which the amendment was effective. | Plan years after December 31, 2023 | Optional | Yes | If plan amendment is provided then TRS systems will be coded to reflect benefit calculation changes. |
| § 327: Surviving Spouse Election to Be Treated as Employee | Surviving spouse may elect to be treated as if he or she were the employee for the purpose of the RMD rules, i.e., RMDs deferred until participant’s applicable age and, if sole designated beneficiary, use of the uniform lifetime table for RMDs. | Calendar years after December 31, 2023 | Mandatory | Yes; required plan amendment to allow surviving spouses to elect this treatment | Update RMD process to give surviving spouse opportunity to elect to be treated as employee. |
| § 343: DB Annual Funding Notices (AFN) | Certain means of presenting a plan’s funded status eliminated from the annual funding notice, to present the plan’s funded status based on end of the year spot assets and interest rates; new PBGC-related disclosure language added. | Plan years after December 31, 2023 (ie AFNs due in 2025) | Mandatory for plans that must issue AFNs | No | Update process for producing AFN to comply with new requirements to show market value information. May increase volatility of results. |
| § 303: Retirement Savings Lost and Found | DOL to establish a new online searchable database to allow individuals to search for information on prior plans and to allow DOL to assist individuals in locating any such plans. Form 8955-SSA to be expanded to include additional needed information for the Registry. | Database to be created by December 29, 2024 | Mandatory | No | TRS will address enhanced reporting requirements when guidance is issued. The DOL will establish a searchable data base of retirement benefits. Ideally this will alleviate some of the burden of lost participants. |
| § 501: Plan Amendment Timing | Amendment deadline for SECURE 2.0, SECURE Act, CARES Act, and the Disaster Relief Act is the last day of the first plan year that begins on or after January 1, 2025 (January 1, 2027, for governmental and collectively bargained plans). | December 29, 2022; Plans must adopt amendments by applicable deadline | N/A | Yes | N/A |

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| § 324: Treasury Guidance on Rollovers | Treasury to develop and issue sample forms, including procedures and protocols, for rollovers from an employer plan to an eligible retirement plan and for trustee-to-trustee transfers of amounts from an IRA to another IRA, no later than January 1, 2025. | December 29, 2022; No current action required | N/A | No | To be determined based on Treasury forms and future implementation guidance. |
| § 319: Review and Report to Congress on Reporting/Disclosure Requirements | The Treasury Department, Department of Labor "DOL", and Pension Benefit Guaranty Corporation "PBGC" are directed to review the current plan sponsor reporting and disclosure requirements, and report to Congress by December 29, 2025, on their effectiveness and recommend ways to simplify, consolidate, standardize, or improve. | December 29, 2022; No current action required | N/A | No | To be determined based on guidance provided. |
| § 321: Review of Pension Risk Transfer Interpretive Bulletin | DOL to review regulations relating to the fiduciary standards when selecting an annuity provider for a defined benefit pension plan to determine if amendments to those regulations are warranted and report to Congress on the findings by December 29, 2023. | December 29, 2022; No current action required | N/A | No | To be determined based on guidance provided. Potential updates to the requirements for pension risk transfers may impact annuity placements. |
| § 119: 415 Limit for Rural Electric Cooperatives | If elected by the plan, non-highly compensated participants in an eligible rural electric cooperative plan may be exempted from the compensation limit under 415(b) applicable to defined benefit plans. | Limitation years ending after December 29, 2022 | Optional | Applicable only to Rural Electric Cooperatives | If plan amendment is provided then TRS systems will be coded to reflect benefit calculation changes. |

Information regarding retirement plans is general and is not intended as legal or tax advice. Retirement plans are complex, and the federal and state laws or regulations on which they are based vary for each type of plan and are subject to change. In addition, some products, investment vehicles, and services may not be available or appropriate in all workplace savings plans. This material is for informational purposes and should not be construed as legal or tax advice. Plan sponsors and plan administrators may wish to seek the advice of legal counsel or a tax professional to address their specific situations.

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