



Law & Policy Group

User's guide to **SECURE 2.0**

Margaret Berger, Matthew Calloway and Brian J. Kearney
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Section 1

Introduction

A dizzying array of legislation affecting defined contribution (DC) and defined benefit (DB) plans became law on Dec. 29, 2022. Capping several years of congressional effort, the SECURE 2.0 Act of 2022 ([Div. T of Pub. L. No. 117-328](#)) is intended to build on changes made by the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 ([Div. O of Pub. L. No. 116-94](#)).

Navigating SECURE 2.0 is a formidable challenge. The statute consists of 120 pages of text and 90 individual sections with no table of contents. To help employers and plan sponsors understand the legislation's implications, this guide provides a high-level summary of SECURE 2.0 provisions grouped topically, including separate treatment of provisions specific to DC and DB plans.

The six tables in this guide describe statutory changes and their effective dates, identify whether the changes are mandatory or optional for employers, and provide observations, including implementation challenges. This guide is updated periodically to reflect new agency guidance. GRISTs listed in the right-hand column of the tables discuss the corresponding provisions of SECURE 2.0 and agency guidance in more detail.

The act also includes several apparent drafting errors for which Congress intends to introduce technical corrections legislation. Those errors are noted in the relevant sections of the guide.

This guide doesn't address SECURE 2.0's employee stock ownership plan (ESOP) provisions and a handful of provisions unrelated to benefits. When referring to the original SECURE Act, this guide uses the term "SECURE 1.0" to avoid any confusion between the laws.

Section 2

Changes affecting DC plans

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Eligibility and participation					
Auto-enrollment and escalation for new plans, with some exceptions (Sec. 101)	New 401(k) and 403(b) plans must include an eligible automatic contribution arrangement (EACA) feature providing: <ul style="list-style-type: none">1st year deferral rate of at least 3% but not more than 10%1% annual auto-escalation up to at least 10%, capped at 15%Right to opt out or change deferral rateInvestment of deferrals in qualified default investment alternative (QDIA) unless participant elects otherwiseAbility to withdraw auto-deferrals made during 90-day period after initial deferral	Plan years beginning after Dec. 31, 2024	Mandatory, except for: <ul style="list-style-type: none">Pre-enactment plan established before Dec. 29, 2022Governmental or church planSIMPLE planSponsor in business less than 3 yearsSponsors with 10 or fewer employees	<p><u>Notice 2024-2</u> clarifies that a 401(k) plan is exempt if the employer adopted the cash or deferred arrangement terms before Dec. 29, 2022, even if those terms took effect later. A 403(b) plan established before Dec. 29, 2022, is exempt, regardless of when the employer adopted plan terms on salary deferral. IRS's <u>proposed rules</u> would incorporate this guidance and clarify the following:</p> <ul style="list-style-type: none">The exemptions for new businesses; small employers; and church, governmental and SIMPLE plansFeatures of the required EACA for non-exempt plans <p>Nonexempt plans adopted after Dec. 29, 2022, and before 2025 must have EACA in place by 2025 plan year. Nonexempt plans adopted in 2025 or later must have EACA in place at plan's inception.</p>	<p><u>SECURE 2.0's auto-enrollment mandate revs up with IRS proposal</u> (Feb. 11, 2025)</p> <p><u>IRS fine-tunes auto-enrollment exemption, explains new correction</u> (April 15, 2024)</p> <p><u>Lawmakers release SECURE 2.0 corrections bill for beta testing</u> (Jan. 12, 2024)</p> <p><u>Road-testing SECURE 2.0's auto-enrollment mandate for new DC plans</u> (Feb. 14, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Eligibility and participation (cont'd)					
Auto-enrollment and escalation for new plans, with some exceptions (Sec. 101) (cont'd)				Mandated auto-enrollment applies to employers newly adopting a multiple-employer plan (MEP) after Dec. 29, 2022, even if the MEP was established earlier. Notice 2024-2 also explains how the exemption for pre-enactment plans applies after plan mergers and spinoffs, including those involving MEPs and pooled employer plans (PEPs). IRS proposed regulations would incorporate and expand upon this guidance.	
Long-term part-time (LTPT) worker eligibility (Sec. 125)	401(k) and ERISA-covered 403(b) plans must allow part-time workers to contribute after completing 2 consecutive years with at least 500 hours of service. For 401(k) plans, pre-2021 service is disregarded for eligibility and vesting purposes. For other plans, service for plan years before Jan. 1, 2023, is disregarded for those purposes.	Plan years beginning after Dec. 31, 2024	Mandatory	IRS proposed regulations address SECURE 1.0's LTPT eligibility rules for 401(k) plans, as modified by SECURE 2.0. IRS Notice 2024-73 says final regulations won't apply before the 2026 plan year. See below for application of the LTPT rules to 403(b) plans.	IRS proposes long-term, part-time worker 401(k) eligibility rules (Jan. 29, 2024)
Small financial incentives for participation (Sec. 113)	Employers can offer employees <i>de minimis</i> financial incentives (e.g., gift cards) to participate in a 401(k) or 403(b) plan. Incentives must not be paid from plan assets.	Plan years beginning after Dec. 29, 2022	Optional	Notice 2024-2 clarifies: <ul style="list-style-type: none">• Incentives up to \$250 are considered <i>de minimis</i> and can be paid in installments (but not as matching contributions).• Only nonparticipating employees can receive incentives.• Incentives are taxable to employees.	IRS reminds employers about SECURE 2.0 effects on W-2 reporting (Nov. 20, 2024) IRS guidance helps DC plan sponsors cash in on small incentives (March 27, 2024) SECURE 2.0 spurs DC plan participation with small incentives (Sept. 29, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Contributions and benefits					
Matching student loan payments (Sec. 110)	<p>401(k), 403(b), governmental 457(b) and SIMPLE plans can treat employees' qualifying student loan payments (QSLPs) as elective deferrals for purposes of matching contributions, subject to the following:</p> <ul style="list-style-type: none">• Student loan debt must be for higher education.• Participant must annually certify that QSLPs have been made, and employer can rely on that self-certification.• Match rate, eligibility and vesting must be the same as match on elective deferrals, but frequency may differ.• Plan can apply actual deferral percentage (ADP) test separately to employees receiving QSLP match.• Benefit is treated as available to all match-eligible employees — even those with no student loan debt — for purposes of minimum coverage and nondiscrimination tests.• QSLPs count toward annual deferral limit under Internal Revenue Code (IRC) Section 402(g) but not contribution limit under 415(c).	Plan years beginning after Dec. 31, 2023	Optional	<p>This change allows treating the contributions as true matching contributions, instead of nonelective contributions (employers' only option before SECURE 2.0).</p> <p>Treasury must issue regulations, as well as a model plan amendment for the QSLP match. Until then, IRS Notice 2024-63 provides interim guidance for plan years beginning after 2024 on employee certification requirements, ADP/ACP testing methods, match frequency and other issues.</p> <p>Draft technical corrections legislation would address the treatment of QSLPs as catch-up contributions.</p>	<p>IRS schools sponsors on SECURE 2.0's new student loan match (Sept. 19, 2024)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>SECURE 2.0's student loan match 101 (June 13, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Contributions and benefits (cont'd)					
Higher catch-up contribution limit (Sec. 109)	<p>The catch-up contribution limit for participants ages 60–63 will increase to the greater of the following two amounts:</p> <ul style="list-style-type: none">• \$10,000• 150% of the 2024 catch-up contribution limit for other participants <p>Both amounts are indexed after 2025.</p>	Tax years beginning after Dec. 31, 2024	Optional	<p>IRS final regulations on SECURE 2.0's catch-up contribution changes apply starting with the 2027 tax year.</p> <p>The regulations confirm that plans don't have to offer the higher limit and those that do won't violate the universal availability requirement for catch-up contributions. However, if one plan in the controlled group offers the higher limit, all plans must do so to satisfy universal availability (with certain exceptions — e.g. for collectively bargained employees).</p> <p>Draft technical corrections legislation would substitute the 2025 catch-up limit in the 150% calculation.</p> <p>Limits differ for SIMPLE plans (discussed below).</p>	<p>IRS finalizes rules for SECURE 2.0 "super catch-up" contributions (Sept. 30, 2025)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>DC plans need guidance on SECURE 2.0's higher catch-up limit (May 1, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Contributions and benefits (cont'd)					
Roth-only catch-up contributions for high earners (Sec. 603)	Catch-up contributions under 401(k), 403(b) and governmental 457(b) plans may only be made on a Roth basis by participants whose prior-year FICA wages with the sponsor exceeded \$145,000 (indexed after 2024). Other participants must have the option to make Roth catch-up contributions if any participant is limited to Roth catch-ups.	Tax years beginning after Dec. 31, 2023, but Notice 2023-62 delays enforcement until tax years beginning after Dec. 31, 2025	Mandatory for plans with Roth features offering catch-up contributions	<p>IRS final regulations provide guidance on a host of issues, including:</p> <ul style="list-style-type: none">Identifying employees subject to the mandateImpact of the mandate on plans not offering Roth contributionsUse of deemed electionsCorrecting catch-up contributions that should have been Roth <p>The regulations are generally applicable starting with the 2027 tax year.</p> <p>A drafting error appears to eliminate all catch-up contributions starting in 2024, but IRS continues to allow catch-up contributions. Draft technical corrections legislation would fix the error.</p>	<p>IRS finalizes rules on Roth catch-up mandate for high earners (Sept. 23, 2025)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>IRS delays SECURE 2.0's Roth catch-up mandate until 2026 (Aug. 29, 2023)</p> <p>Implementing SECURE 2.0's Roth provisions may tax DC sponsors (April 11, 2023)</p>
Option for Roth employer match and nonelective contributions (Sec. 604)	401(k), 403(b) and governmental 457(b) plans can let participants elect to receive matching and nonelective contributions on a Roth basis. These contributions aren't excludable from the participant's gross income and must be nonforfeitable at the time received.	Contributions made after Dec. 29, 2022	Optional	<p>Notice 2024-2 provides guidance on various issues, such as how to treat these contributions for payroll withholding and income tax reporting. The notice says that only fully vested employees can make this election.</p>	<p>IRS reminds employers about SECURE 2.0 effects on W-2 reporting (Nov. 20, 2024)</p> <p>IRS guidance illuminates SECURE 2.0's Roth employer contributions (Feb. 2, 2024)</p> <p>Implementing SECURE 2.0's Roth provisions may tax DC sponsors (April 11, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Contributions and benefits (cont'd)					
Pension-linked emergency savings accounts (PLESAs) (Sec. 127)	<p>Individual account plan sponsors can let nonhighly compensated employees (NHCEs) contribute to an emergency savings account linked to their plan account, subject to the following:</p> <ul style="list-style-type: none">• Auto-enrollment is allowed, up to 3% of pay.• Contributions are made on Roth basis.• Account cannot exceed \$2,500 (indexed) or lower limit set by employer.• Contributions over account limit can be directed to employee's Roth account (if any) under the plan or stopped.• Contributions must be held in cash in an interest-bearing deposit account or an investment product designed to preserve principal.• Participants must be allowed to take withdrawals at least once a month.• No withdrawal fee can apply to first 4 withdrawals each plan year.• Employers can eliminate the accounts at any time.	Plan years beginning after Dec. 31, 2023	Optional	<p>FAQs posted on the Department of Labor (DOL) website clarify a number of implementation issues, including how to apply the account balance limit, the assessment of administrative fees unrelated to withdrawals, investment of PLESA funds and satisfaction of the PLESA notice requirement.</p> <p>IRS Notice 2024-22 provides guidance on the SECURE 2.0 provision allowing (but not requiring) sponsors to implement reasonable anti-abuse rules to prevent manipulation of plan's match through PLESA contributions and withdrawals.</p> <p>DOL and Treasury must conduct a study on emergency savings from individual account plans, including</p>	<p>DOL, IRS issue guidance on DC plan emergency savings accounts (March 8, 2024)</p> <p>DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)</p> <p>SECURE 2.0 offers new alternative for in-plan emergency savings (July 7, 2023)</p> <p>Implementing SECURE 2.0's Roth provisions may tax DC sponsors (April 11, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Contributions and benefits (cont'd)					
Pension-linked emergency savings accounts (PLESAs) (Sec. 127) (cont'd)	<ul style="list-style-type: none">On separation from service or the employer's elimination of the accounts, participants can transfer their emergency savings to the plan's Roth account or take a distribution.PLESA contributions are treated like elective deferrals for purposes of a plan's matching contributions.Administrators must give employees a notice with certain information 30-90 days before the first PLESA contribution and then annually thereafter.			<p>emergency savings accounts, and report to Congress within 7 years.</p> <p>PLESAs are independent of the SECURE 2.0 provision authorizing penalty-free withdrawals of up to \$1,000 for emergency expenses (discussed below).</p>	
Expanded saver's credit match (Sec. 103)	The saver's credit for contributions to retirement plans and individual retirement accounts (IRAs) will no longer be refunded in cash. Credits greater than \$100 will be deposited into taxpayer's 401(k), 403(b) or IRA non-Roth account. Credit will equal 50% of contributions up to \$2,000 per person, with income-based phaseout.	Tax years beginning after Dec. 31, 2026	Optional	<p>Plans do not have to accept the contribution.</p> <p>Notice 2024-65 seeks stakeholder input on a host of issues, including participant disclosures, Form 5500 reporting, and erroneous contributions.</p>	Treasury and IRS start warming up for SECURE 2.0's saver's match (Nov. 5, 2024)
Distributions					
Increase in age for required minimum distributions (RMDs) (Sec. 107)	<p>RMD age is increasing from 72 to:</p> <ul style="list-style-type: none">73 for participants who turn 72 after Dec. 31, 2022, and age 73 before Jan. 1, 203375 for participants who turn 74 after Dec. 31, 2032 (subject to technical correction)	Distributions after Dec. 31, 2022, for participants attaining age 72 after that date	Mandatory (i.e., plan terms must reflect changes to statutory language even if plan continues to use an earlier age, such as 70-1/2, for RMDs)	<p>Provision has a drafting error. A participant born in 1959 will turn 73 before Jan. 1, 2033, and 74 after Dec. 31, 2032.</p> <p>IRS's 2024 proposed regulations implementing certain SECURE 2.0 RMD changes would clarify that the age is 73 for participants born in 1959. Draft technical corrections legislation would codify this clarification.</p>	<p>IRS delays effective date for portion of upcoming RMD regulations (Jan 15, 2025)</p> <p>IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024)</p> <p>IRS sets 2025 for final RMD rules, extends 10-year rule relief (April 19, 2024)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Distributions (cont'd)					
Increase in age for required minimum distributions (RMDs) (Sec. 107) (cont'd)				RMD age change also applies to DB plans (discussed below).	Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)
No predeath RMDs for Roth accounts (Sec. 325)	Roth accounts in DC plans are no longer subject to the predeath RMD rules. However, plans must still pay predeath RMDs from Roth accounts that relate to tax years before the effective date (e.g., 2023 RMD must be paid to a participant with an April 1, 2024, required beginning date).	Tax years beginning after Dec. 31, 2023	Mandatory	This change aligns predeath RMD rules for Roth accounts under employer plans with existing RMD rules for Roth IRAs. IRS's 2024 final regulations reflect this change and clarify that if a participant's entire account balance is Roth, the participant is treated as dying before the required beginning date, regardless of age.	IRS delays effective date for portion of upcoming RMD regulations (Jan 15, 2025) IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024) Implementing SECURE 2.0's Roth provisions may tax DC sponsors (April 11, 2023) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)
Increase involuntary cash-out limit (Sec. 304)	The maximum amount that may be involuntarily cashed out will increase to \$7,000 (from \$5,000).	Distributions after Dec. 31, 2023	Optional		

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Distributions (cont'd)					
Disaster relief (Sec. 331)	<p>401(k), 403(b), governmental 457(b) and money purchase pension plans can offer the following relief to participants affected by federally declared disasters:</p> <ul style="list-style-type: none">• An option to take a special distribution up to \$22,000 per disaster, with no early withdrawal penalty and ability to repay within 3 years (these distributions satisfy the distributable-event requirements)• Repayment of unused hardship distributions taken to purchase principal residence in disaster area• Temporary increase in plan loan cap up to \$100,000• 180-day suspension of plan loan repayments and corresponding extension of the loan term	Disasters on or after Jan. 26, 2021	Optional	<p>FAQs posted on IRS's website clarify a number of issues, including that offering the special disaster distributions and plan loan relief is optional. But the FAQs aren't clear on whether accepting repayment of unused hardship distributions is optional.</p> <p>Disaster Relief Notice 2024-01 confirms DOL won't treat a plan as violating ERISA's plan loan requirements solely because a plan has made loans or suspended loan repayments under SECURE 2.0's disaster relief provision.</p> <p>The Government Accountability Office (GAO) must report to Congress on participant utilization of this relief (and similar relief in prior legislation), including the adequacy of the \$22,000 limit on distributions.</p>	<p>IRS FAQs address SECURE 2.0 disaster relief (May 17, 2024)</p> <p>Taking a closer look at SECURE 2.0's penalty-free distribution provisions (March 13, 2023)</p>
Reliance on employee certification for hardship distributions (Sec. 312)	Plan administrators of 401(k) and 403(b) plans can rely on a participant's self-certification that (i) the hardship distribution is for an immediate and heavy financial need and does not exceed the amount required to satisfy the need, and (ii) the participant has no alternative means reasonably available to satisfy the need. Similar rule applies to administrators of 457(b) plans allowing distributions for unforeseeable emergencies.	Plan years beginning after Dec. 29, 2022	Optional	Treasury can issue regulations providing exceptions to this rule when the administrator has actual knowledge contradicting an employee's self-certification.	

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Distributions (cont'd)					
Penalty-free withdrawals for emergency expenses (Sec. 115)	<p>401(k), 403(b) and governmental 457(b) plans can offer a special distribution option with no early withdrawal penalty for “unforeseeable or immediate financial needs relating to necessary or personal family emergency expenses,” subject to the following:</p> <ul style="list-style-type: none">• Distributions cannot exceed \$1,000.• A participant may take only one such distribution per calendar year.• Plan administrators can rely on participant’s self-certification of eligibility.• Distributions can be repaid within 3 years.• Additional emergency distributions are prohibited during the 3-year repayment period unless existing distribution is fully repaid or the amount the participant has contributed after the existing distribution is at least as much as the amount not repaid.	Distributions after Dec. 31, 2023	Optional	<p>Notice 2024-55 provides implementing guidance on these distributions. Plans offering these distributions generally must accept repayment from participants eligible to make rollover contributions.</p> <p>Treasury can issue regulations providing exceptions for administrators who have actual knowledge contradicting participant’s self-certification.</p> <p>This provision is independent of the SECURE 2.0 provision authorizing pension-linked emergency savings accounts (discussed above).</p>	<p>IRS releases Q&As on two new SECURE 2.0 distributions (June 25, 2024)</p> <p>Taking a closer look at SECURE 2.0’s penalty-free distribution provisions (March 13, 2023)</p>
Penalty-free withdrawals in the event of domestic abuse (Sec. 314)	<p>401(k), 403(b), governmental 457(b) plans that aren’t subject to IRC’s qualified joint-and-survivor and preretirement-survivor annuity requirements can offer a special distribution option with no early withdrawal penalty to victims of domestic abuse.</p> <ul style="list-style-type: none">• Distributions cannot exceed the lesser of \$10,000 (indexed after 2024) or 50% of the participant’s vested benefit.• Distributions must be made within 1 year of the date on which the participant is a victim of domestic abuse by a spouse or domestic partner.• Plan administrators can rely on participant’s self-certification of eligibility. Distributions can be repaid within 3 years.	Distributions made after Dec. 31, 2023	Optional	<p>Notice 2024-55 provides implementing guidance on these distributions. Plans offering these distributions generally must accept repayment from participants eligible to make rollover contributions.</p>	<p>IRS releases Q&As on two new SECURE 2.0 distributions (June 25, 2024)</p> <p>Taking a closer look at SECURE 2.0’s penalty-free distribution provisions (March 13, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Distributions (cont'd)					
Penalty-free withdrawals for terminal illness (Sec. 326)	<p>The early withdrawal penalty does not apply to 401(k), 403(b) and governmental 457(b) plan distributions to participants certified by a physician as having a condition reasonably expected to result in death within 84 months after the date of certification.</p> <ul style="list-style-type: none">Statute does not limit the amount or number of distributions that can be made available.Distributions can be repaid within 3 years. <p>The participant must furnish “sufficient evidence” to the plan administrator in the form and manner that Treasury may prescribe.</p>	Distributions made after Dec. 29, 2022	Optional	<p>Notice 2024-2 confirms these distributions don’t satisfy the distributable-event requirements, which means plans can’t offer a special distribution option to terminally ill participants. However, draft technical corrections legislation would create a new distributable event and also allow self-certification.</p>	<p>IRS gives guidance on SECURE 2.0’s terminal illness distributions (March 20, 2024)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>Taking a closer look at SECURE 2.0’s penalty-free distribution provisions (March 13, 2023)</p>
Qualified long-term care distributions (Sec. 334)	<p>Qualified DC plans (including 401(a), 401(k) and 403(a) plans), 403(b) plans and 457(b) plans can offer a special distribution option with no early withdrawal penalty to pay for certified long-term care insurance premiums for a participant or the participant’s spouse (or other family members if allowed by Treasury regulations). Distributions are limited each calendar year to the least of the following amounts:</p> <ul style="list-style-type: none">The annual premium paid by or assessed to the participant10% of the participant’s vested benefit\$2,500 (indexed after 2024)	Distributions made after Dec. 29, 2025	Optional		<p>Taking a closer look at SECURE 2.0’s penalty-free distribution provisions (March 13, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Distributions (cont'd)					
Qualified long-term care distributions (Sec. 334) (cont'd)	The participant must file a premium statement with the plan administrator. The statement must: <ul style="list-style-type: none">• Provide the insurer's name and tax ID• Identify the participant as the policy owner• State whom the policy covers and the covered individual's relationship to the participant• Include the calendar year premium Treasury may require additional information on the statement.				
Three-year repayment limit on qualified birth or adoption distribution (QBOAD) (Sec. 311)	A participant who wishes to repay a QBOAD has 3 years to do so starting on the day after the distribution is received. However, for QBOADs made on or before Dec. 29, 2022, the repayment period ends on Dec. 31, 2025.	Distributions made after Dec. 29, 2022	Mandatory	SECURE 1.0 allowed plans to offer QBOADs and gave participants the option to repay at any time.	Taking a closer look at SECURE 2.0's penalty-free distribution provisions (March 13, 2023)
Lifetime income					
Removal of RMD barriers for life annuities (Sec. 201)	Plans can offer annuities with the following features without violating IRC Section 401(a)(9): <ul style="list-style-type: none">• Annual increases of less than 5%• Lump sum payments that shorten the payment period or result in a full or partial commutation or acceleration of future payments• Dividends and similar distributions• Return of premium payments on death	Calendar years ending after Dec. 29, 2022	Optional	2024 final IRS regulations reflect SECURE 2.0's changes relaxing restrictions on commercial annuities that increase or accelerate payments.	IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Lifetime income (cont'd)					
More qualifying longevity annuity contract (QLAC) flexibility (Sec. 202)	Treasury has 18 months to amend its QLAC regulations as follows: <ul style="list-style-type: none">• Eliminate requirement that premiums not exceed 25% of a participant's account balance• Increase the dollar limitation on premiums to \$200,000 (from \$125,000) and provide for indexing starting in 2024• Allow ex-spouses to receive spousal benefits pursuant to a qualified domestic relations order (QDRO) or similar divorce or separation instrument• Allow "free look" rescission periods up to 90 days	Changes to premium limitations effective for contracts purchased after Dec. 29, 2022 Other changes effective for contracts purchased after July 2, 2014	Optional	2024 final IRS regulations reflect SECURE 2.0's direction to Treasury to make these changes. Prior to the final regulations, taxpayers could rely on a reasonable good-faith interpretation of this provision.	IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)
Elimination of RMD penalty on partial annuities (Sec. 204)	Participants receiving a portion of their individual account as an annuity can count annuity payments received during a year toward RMD due for that year.	Dec. 29, 2022	Optional	2024 final IRS regulations reflect the statutory description of this new method, but details of these calculations are addressed in the simultaneously issued proposed regulations .	IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)
403(b) plans					
403(b) MEPs (Sec. 106)	403(b) plans can now be MEPs or PEPs subject to rules similar to those that apply to qualified MEPs and PEPs.	Plan years beginning after Dec. 31, 2022	Optional	Church plans are excluded.	Viewing SECURE 2.0 through a 403(b) lens (May 22, 2023) Form 5500 trilogy concludes with latest set of changes (March 13, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
403(b) plans (cont'd)					
Investment in collective investment trusts (CITs) (Sec. 128)	IRC Section 403(b) now allows custodial accounts to invest in group trusts with qualified plans and IRAs.	Amounts invested after Dec. 29, 2022	Optional	SECURE 2.0 didn't change federal securities laws as needed to fully operationalize this provision. Bipartisan legislation to make these changes passed the House (HR 2799) in 2024, but the Senate failed to act on the measure. Similar legislation has been reintroduced in both chambers, but the outlook remains uncertain.	New bills would allow 403(b) plans to invest in collective trusts (March 3, 2025) House OKs bill to let 403(b) plans invest in collective trusts (March 14, 2024) Viewing SECURE 2.0 through a 403(b) lens (May 22, 2023)
Hardship withdrawal conforming changes (Sec. 602)	Qualified nonelective contributions (QNECs) and qualified matching contributions (QMACs) in 403(b) custodial accounts, earnings on those contributions, and earnings on elective deferrals may now be sources for hardship withdrawals.	Plan years beginning after Dec. 31, 2023	Optional	These changes align the hardship distribution rules for 403(b) plans with the rules for 401(k) plans.	Viewing SECURE 2.0 through a 403(b) lens (May 22, 2023)
Long-term part-time (LTPT) worker eligibility (Sec. 125)	ERISA-covered 403(b) plans must allow part-time workers to participate after completing 2 consecutive years with at least 500 hours of service. Service for plan years before Jan. 1, 2023, is disregarded for those purposes.	Plan years beginning after Dec. 31, 2024	Mandatory	Proposed IRS regulations on LTPT rules apply only to 401(k) plans. IRS Notice 2024-73 addresses how the LTPT rules interact with the 403(b) universal availability requirement, which says that if any employee of an employer is eligible to make 403(b) elective deferrals, then all employees must have the right to do so (with certain exceptions). IRS plans to propose more comprehensive regulations on the LTPT rules for 403(b) plans.	IRS issues limited guidance on LTPT rules for 403(b) plans (Oct. 17, 2024) IRS proposes long-term, part-time worker 401(k) eligibility rules (Jan. 29, 2024) Viewing SECURE 2.0 through a 403(b) lens (May 22, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
PEPs					
403(b) MEPs (Sec. 106)	403(b) plans can now be MEPs or PEPs subject to the rules that apply to qualified MEPs and PEPs.	Plan years beginning after Dec. 31, 2022	Optional	Church plans are excluded.	Viewing SECURE 2.0 through a 403(b) lens (May 22, 2023) Form 5500 trilogy concludes with latest set of changes (March 13, 2023)
Designation of named fiduciary for contributions (Sec. 105)	PEPs can designate any named fiduciary (other than a participating employer) to be responsible for collecting contributions.	Plan years beginning after Dec. 31, 2022	Optional	SECURE 1.0 required a PEP's trustee to have this responsibility.	
Application of startup credit for MEPs (Sec. 111)	Small employers joining a MEP or a PEP get the pension startup credit for three years, regardless of how long the MEP or PEP has been in existence.	Retroactive for tax years beginning after Dec. 31, 2019	Optional	The credit's availability previously was based on when the MEP or PEP started (e.g., if an employer joined a PEP that started 1 year earlier, the employer received the credit only for 2 years).	
DOL report on PEPs (Sec. 344)	DOL must study PEPs and report to Congress on the following: <ul style="list-style-type: none">• Number of PEPs• Name of each PEP• Range of investment options under PEPs• Fees assessed by PEPs• Methods employers use to select and monitor PEPs• Number and nature of DOL enforcement actions against PEPs• Any other information DOL determines is necessary	5 years after Dec. 29, 2022, and every 5 years after that		In a request for information issued on Aug. 11, 2023, DOL sought input on this report. A second request for information on July 29, 2025, posed additional questions.	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Governmental plans					
Elimination of “first day of the month” requirement for governmental 457(b) plans (Sec. 306)	Participants in governmental 457(b) plans can make or change deferral elections any time before the compensation is currently available.	Tax years beginning after Dec. 29, 2022		Governmental 457(b) plan participants previously had to make deferral elections before the 1st of the month in which the compensation would become available. The 1st of the month rule still applies to 457(b) plans sponsored by tax-exempt employers.	
Extension of qualified public safety employee distributions to private-sector firefighters (Sec. 308)	Private-sector firefighters participating in a qualified or 403(b) plan can take distributions at age 50 with no early withdrawal penalty.	Distributions after Dec. 29, 2022	Optional	This rule already applied to other public safety employees, including firefighters working for governmental employers.	
Extension of qualified public safety employee distributions to corrections officers (Sec. 330)	Corrections officers and forensic security employees working for governmental employers can take distributions at age 50 with no early withdrawal penalty.	Distributions made after Dec. 29, 2022	Optional	This rule already applied to other public safety employees.	
Extension of early distributions for qualified public safety employees and private-sector firefighters (Sec. 329)	Qualified public safety workers and private-sector firefighters can take distributions at the earlier of age 50 or 25 years of service under the plan.	Distributions made after Dec. 29, 2022	Optional	This provision relaxes the eligibility requirements for these distributions for all covered categories of employees, including those already eligible for these distributions and those newly eligible under other SECURE 2.0 provisions.	

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Governmental plans (cont'd)					
Distributions to retired public safety officers for health and long-term care premiums (Sec. 328)	These distributions no longer have to be paid directly to the insurer.	Distributions beginning 3 years after Dec. 29, 2022	Optional		
Simplified employee pensions (SEPs) and SIMPLE plans					
Higher SIMPLE catch-up contribution limits (Sec. 109)	The catch-up contribution limit for participants ages 60–63 will increase to the greater of the following two amounts: <ul style="list-style-type: none">\$5,000150% of the 2025 catch-up contribution limit for other SIMPLE participants Both amounts are indexed after 2025.	Tax years beginning after Dec. 31, 2024	Optional	IRS final regulations confirm that plans don't have to offer the higher limit.	IRS confirms SECURE 2.0 age 60-63 “super catch-ups” are optional (Jan. 10, 2025) DC plans need guidance on SECURE 2.0's higher catch-up limit (May 1, 2023)
Additional nonelective contributions for SIMPLE plans (Sec. 116)	Employer can make nonelective contributions to SIMPLE plans above the minimum contribution for employees with at least \$5,000 in compensation. The additional contribution must not exceed the lesser of 10% of compensation or \$5,000 (indexed).	Tax years beginning after Dec. 31, 2023	Optional		
Increased SIMPLE deferral and catch-up contribution limits (Sec. 117)	SIMPLE IRA contribution limits are increasing as follows: <ul style="list-style-type: none">Annual deferral and age 50 catch-up contribution limits will increase by 10%.For employers with 26–100 employees, increased limits apply only if employer increases its required SIMPLE match or nonelective contribution (as applicable) by 1 percentage point.Similar changes apply to SIMPLE 401(k) plans.	Tax years beginning after Dec. 31, 2023	Optional	Final regulations issued in September 2025 and Notice 2024-2 provide guidance for employers offering these arrangements. The statute requires Treasury to provide a report to Congress with data on SIMPLE IRAs and SIMPLE 401(k) plans by Dec. 31, 2024, and annually thereafter.	

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Simplified employee pensions (SEPs) and SIMPLE plans (cont'd)					
Replacement of SIMPLE IRAs with safe harbor 401(k) plans during plan year (Sec. 332)	Employers sponsoring SIMPLE IRAs can replace those arrangements with a SIMPLE 401(k) or other safe harbor 401(k) plan at any time during the plan year. Contribution limits are prorated during the transition year.	Plan years beginning after Dec. 31, 2023	Optional	Notice 2024-2 provides guidance on terminating SIMPLE IRAs and clarifies several issues for replacement SIMPLE or safe harbor 401(k) plans.	
Roth for SEPs and SIMPLEs (Sec. 601)	SEPs and SIMPLE IRAs can now accept Roth contributions.	Tax years beginning after Dec. 31, 2022	Optional	<p>Provision could be interpreted as requiring SEP and SIMPLE Roth contributions to count toward the otherwise applicable Roth IRA contribution limit. However, draft technical corrections legislation would clarify that these contributions wouldn't count for that purpose.</p> <p>Notice 2024-2 clarifies several issues for employers offering these arrangements, including confirming that employers don't have to offer the Roth election.</p>	<p>IRS reminds employers about SECURE 2.0 effects on W-2 reporting (Nov. 20, 2024)</p> <p>IRS guidance illuminates SECURE 2.0's Roth employer contributions (Feb. 2, 2024)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>Implementing SECURE 2.0's Roth provisions may tax DC sponsors (April 11, 2023)</p>
Miscellaneous					
Auto-portability prohibited transaction exemption (PTE) and requirements (Sec. 120)	A new IRC PTE covers auto-portability service providers (i.e., providers that automatically roll over involuntary cashouts in an IRA to the DC plan sponsored by the IRA owner's new employer if the IRA owner doesn't object). Providers must meet a host of conditions to be eligible for the exemption.	1 year after Dec. 29, 2022	N/A	<p>DOL issued proposed regulations implementing this exemption on Jan. 29, 2024.</p> <p>DOL must periodically report to Congress on the effectiveness of auto-portability transactions under this exemption.</p>	DOL's auto-portability proposal raises issues for participating employers (May 23, 2024)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Miscellaneous (cont'd)					
Starter 401(k) plans (Sec. 121)	Employers that don't sponsor a retirement plan can offer a deferral-only 401(k) or 403(b) plan that auto-enrolls employees at a 3%–15% deferral rate. The deferral limit will be tied to IRA contribution limits. The plans will be safe harbor plans and treated as not top-heavy.	Plan years beginning after Dec. 31, 2023	Optional		
Separate top-heavy testing for excludable and nonexcludable employees (Sec. 310)	DC plans may perform top-heavy testing by excluding employees who haven't met the IRC's minimum age and service requirements for participation.	Plan years beginning after Dec. 31, 2023	Optional	Other nondiscrimination tests already allow a similar exclusion.	
Extended deadline to adopt amendments increasing benefits (Sec. 316)	The deadline for an employer to adopt a discretionary amendment increasing benefits (other than matching contributions) is extended until the employer's tax-filing deadline (including extensions) for the year in which the amendment takes effect.	Plan years beginning after Dec. 31, 2023	Optional		
Spousal beneficiary election to be treated as employee (Sec. 327)	A surviving spouse can elect to be treated as the deceased employee for RMD purposes.	Calendar years beginning after Dec. 31, 2023	Mandatory	2024 final IRS regulations say this treatment applies automatically if the participant dies before the RBD and the spouse is the sole beneficiary and entitled to life-expectancy payments. Simultaneously issued proposed regulations say this treatment is not automatic if the participant dies after RBD, although the plan may still make this the default spousal election for death after the RBD.	IRS delays effective date for portion of upcoming RMD regulations (Jan 15, 2025) IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)

Section 3

Changes affecting DB plans

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Increase in RMD age (Sec. 107)	RMD age is increasing from 72 to: <ul style="list-style-type: none">73 for participants who turn 72 after Dec. 31, 2022, and age 73 before Jan. 1, 203375 for participants who turn 74 after Dec. 31, 2032 (subject to technical corrections)	Distributions after Dec. 31, 2022, for participants attaining age 72 after that date	Mandatory (i.e., plan terms must reflect changes to statutory language even if plan continues to use an earlier age, such as 70-1/2, for RMDs)	<p>Provision has a drafting error. A participant born in 1959 will turn 73 before Jan. 1, 2033, and 74 after Dec. 31, 2032.</p> <p>2024 proposed IRS regulations implementing certain SECURE 2.0 RMD changes would clarify that the age is 73 for participants born in 1959. Draft technical corrections legislation would codify this clarification.</p> <p>The same change in RMD age applies to DC plans (discussed above).</p>	<p>IRS delays effective date for portion of upcoming RMD regulations (Jan. 15, 2025)</p> <p>IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024)</p> <p>IRS sets 2025 for final RMD rules, extends 10-year rule relief (April 19, 2024)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)</p> <p>SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Increase involuntary cash-out limit to \$7,000 (Sec. 304)	The maximum amount that may be involuntarily cashed out will increase to \$7,000 (from \$5,000).	Distributions after Dec. 31, 2023	Optional	This change also applies to DC plans (discussed above).	Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)
Eliminate variable-rate premium (VRP) indexing (Sec. 349)	For plan years after 2023, inflationary indexing of Pension Benefit Guaranty Corp. (PBGC) VRPs for single-employer plans ends and VRPs are frozen at \$52 per \$1,000 in unfunded vested benefits.	Dec. 29, 2022	N/A	Inflationary indexing continues on VRP cap and flat-rate premiums.	Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)
Annual funding notice (AFN) enhancements (Sec. 343)	<p>The disclosure of a plan's funded level for the notice year and the prior two years will be based on year-end market value of assets and liabilities, rather than the funding target attainment percentage (FTAP). AFNs must also include additional details:</p> <ul style="list-style-type: none">• If required funded status information is presented in a table, a statement that PBGC's calculation of plan liabilities on plan termination may be greater, and a reference to the section of the notice explaining PBGC benefit guarantees• The average return on assets for the notice year• A table showing participant head-count data (retired, terminated vested and active) as of the last day of the notice year and the two preceding years (AFNs previously had to include participant data only for the notice year)• More information on the PBGC guarantee	Plan years beginning after Dec. 31, 2023	Mandatory (for plans that must issue AFNs)	<p>First modified AFNs are due 120 days after the end of plan years beginning on or after Jan. 1, 2024 (April 30, 2025, for calendar-year plans). Information about the plan's funded status based on the FTAP is still required in the interest rate stabilization supplement (for plans required to include the supplement).</p> <p>In a request for information issued on Aug. 11, 2023, DOL asked whether guidance was needed on the amended content requirements. The agency also sought input on how to update the model notice and what other changes could improve single- and multiemployer plan notices.</p>	<p>DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)</p> <p>Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Lump sum window disclosure (Sec. 342)	Plan administrators must provide extensive disclosures to participants and beneficiaries offered lump sums during a window period, not later than 90 days before the window opens. Plan sponsors must also submit information to DOL and PBGC 30 days before the window opens, as well as a post-offer report including the number of individuals who took the offer and other information the agencies may require.	Within 1 year after issuance of DOL/IRS regulations, which must be delayed until at least Dec. 29, 2023	Mandatory	In a request for information issued on Aug. 11, 2023, DOL asked for input on the content of these disclosures and what information should be collected from post-offer reports.	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023) Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)
DOL to review pension risk transfer guidance (Sec. 321)	DOL must review its current guidance on the fiduciary standards for selecting an insurance company or other annuity provider in a pension risk transfer and report the findings to Congress.	Report due Dec. 29, 2023	N/A	The act directs DOL to consult with the ERISA Advisory Council. DOL released a consultation paper for discussion at the council's meeting on July 18, 2023, at which the council heard public testimony. The council provided a formal response to DOL on Aug. 29, 2023. DOL released its report to Congress on June 24, 2024, indicating that further exploration is warranted.	DOL leaves DB pension risk transfer guidance unchanged ... for now (July 9, 2024) Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)
420 transfers (Sec. 606)	DB plans can transfer excess pension assets to retiree health accounts until Dec. 31, 2032 (previously, DB plans could make transfers only until Dec. 31, 2025). The minimum level of plan funding for certain <i>de minimis</i> transfers (i.e., not exceeding 1.75% of plan assets) has decreased to 110% (from 125%). The cost maintenance period for those transfers is extended from 5 to 7 years.	Transfers made after Dec. 29, 2022	N/A	The lower threshold is not available for collectively bargained transfers. Draft technical corrections legislation would clarify that sponsors don't have to apply the <i>de minimis</i> rule even when conditions for doing so are met and how the rule applies to multi-year transfers.	Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024) Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Hybrid plans' backloading testing (Sec. 348)	To demonstrate compliance with the anti-backloading rules in IRC Section 411(b), cash balance and other hybrid plans with variable interest-crediting rates can use a reasonable projection of the rate, not greater than 6%.	Plan years beginning after Dec. 29, 2022	Optional	<p>Provision only affects the projected rate for compliance testing, not the plan's actual interest-crediting rate.</p> <p>This provision allows sponsors to provide more steeply graded credits to older, longer-service workers. Notice 2024-2 explains the types of changes sponsors can make with anti-cutback relief to utilize this provision, including eliminating minimum interest credit rates and applying graded credits to plans crediting a market rate of return on cash balance accounts.</p>	<p>SECURE 2.0 guidance gives more flexibility to cash balance plans (Feb. 7, 2024)</p> <p>Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)</p>
Extended deadline to adopt amendments increasing benefits (Sec. 316)	The deadline for an employer to adopt a discretionary amendment increasing benefit accruals is extended until its tax filing deadline (including extensions) for the year in which the amendment takes effect.	Plan years beginning after Dec. 31, 2023	Optional	The same change applies to DC plan amendments (discussed above).	<p>Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)</p>
Mortality tables (Sec. 335)	Mortality improvement scales underlying mortality tables for single-employer DB minimum funding under IRC Section 430 can't assume future rates of improvement greater than 0.78% at any age.	Immediate, but applicable to valuation dates starting Jan. 1, 2024	N/A	The 430 mortality tables also apply for other purposes, including PBGC VRPs and minimum lump sums under Section 417(e) (which uses a modified version of the tables).	<p>IRS issues eagerly awaited 2024 defined benefit mortality tables (Oct. 27, 2023)</p> <p>Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Section 415 limits for rural electric cooperative plans (Sec. 119)	The highest 3-year average compensation limit no longer applies to participants in certain rural electric cooperative plans, except for participants who were HCEs in the earlier of: <ul style="list-style-type: none">• The plan year the participant terminated• The plan year distributions commenced or <ul style="list-style-type: none">• any of the 5 plan years preceding the plan year above	Limitation years ending after Dec. 29, 2022	Optional	Eligible plans are those maintained by either: <ul style="list-style-type: none">• Multiple employers, of which at least 85% are rural cooperatives under IRC 401(k)(7)(B)(i) or (ii)• A national association of such rural cooperatives Eligible employers may elect not to apply this section to their plan.	Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)
Distributions to retired public safety officers for health and long-term care premiums (Sec. 328)	These distributions no longer have to be paid directly to the insurer.	Distributions beginning Dec. 29, 2022	Optional		Taking a look at SECURE 2.0's defined benefit plan provisions (Feb. 21, 2023)

Section 4

Plan administration, notice and disclosure provisions

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Disclosures					
Blended performance benchmarks for asset allocation funds in DC plans (Sec. 318)	DOL must issue regulations allowing (but not requiring) DC plan administrators to benchmark a designated investment alternative holding a mix of asset classes — such as a target-date or balanced fund — against a blend of securities market indices reasonably representative of the fund’s asset holdings. DOL also must report to Congress on the utilization and participants’ understanding of the agency’s regulatory benchmarking requirements.	DOL must issue regulations by Dec. 29, 2024. Report to Congress is due in 3 years.	Optional	DOL’s current participant investment disclosure rules for DC plans only allow blended benchmarks as a supplement to a broad-based securities market index. In a request for information issued on Aug. 11, 2023, DOL asked for comments on this provision.	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)
Simplified disclosures for unenrolled DC plan participants (Sec. 320)	DC plans only have to provide an annual reminder notice to nonparticipating employees with no account balance who received the plan’s summary plan description (SPD) and other required disclosures on first becoming eligible. The notice must be furnished within a reasonable period before the beginning of each plan year. Eligible nonparticipating employees can request any documents available to participants.	Plan years beginning after Dec. 31, 2022	Optional	Before this change, eligible nonparticipating employees had to receive the same plan communications as active participants. In a request for information issued on Aug. 11, 2023, DOL asked for comments on this provision.	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Disclosures (cont'd)					
Paper statements (Sec. 338)	<p>DC plans must deliver at least one paper benefit statement per year (one every three years for DB plans), unless a participant has affirmatively requested electronic delivery. In addition to summarizing the participant's benefits, the paper statement must contain information on how participants can opt out of receiving the paper disclosure or request delivery of some or all disclosures on paper for no additional cost.</p> <p>This change wouldn't apply to benefit statements furnished electronically under DOL's 2002 e-delivery safe harbor. However, participants who first become eligible to participate (or beneficiaries who first become eligible for benefits) after Dec. 31, 2025, must receive a one-time paper notice about their ability to request paper copies of required disclosures before the plan e-delivers any benefit statement.</p>	Plan years beginning after Dec. 31, 2025	Mandatory	<p>DOL must update its 2002 regulatory safe harbor for e-delivery by Dec. 31, 2024, to implement this disclosure requirement.</p> <p>In a request for information issued on Aug. 11, 2023, DOL asked for comments on this provision. The agency also asked whether it should narrow both the 2002 and 2020 e-delivery safe harbors to require "access in fact," although this is not required by SECURE 2.0.</p>	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Error corrections					
Recovery of overpayments (Sec. 301)	<p>Plan fiduciaries can decide not to recoup certain inadvertent benefit overpayments; such overpayments must be treated as eligible rollover distributions. Fiduciaries can also choose to forgo recovery of overpayments from sponsors if doing so poses no risk to other participants' benefits.</p> <p>If fiduciaries recoup overpayments, certain limitations and protections apply:</p> <ul style="list-style-type: none">• Fiduciaries can't charge interest.• Restrictions apply to threats of litigation and use of collection agencies.• Limitations apply when recouping annuity overpayments through future benefit payment reductions or installments.• Spouses or other beneficiaries can't be asked to repay a participant's overpayment.• Fiduciaries can't recoup any overpayments from a participant or a beneficiary if the first overpayment occurred more than 3 years before the participant or beneficiary first receives written notice of the error (except in the case of fraud or misrepresentation). <p>These limitations don't apply to:</p> <ul style="list-style-type: none">• Recipients culpable for the overpayment (including those who knew that the payments materially exceeded the correct amount)• Existing recoupment arrangements	Dec. 29, 2022, with some retroactive relief	Provisions granting discretion not to recoup overpayments are optional; limitations on recoupment are mandatory.	<p>Any portion of a rolled-over overpayment returned by the receiving plan to the original plan can be treated as an eligible rollover distribution by both plans.</p> <p>Draft technical corrections legislation would clarify how participant culpability affects these rules.</p> <p>IRS Notice 2024-77 clarifies when sponsors don't have to seek recoupment of overpayments and confirms that self-correction under EPCRS is still an option.</p> <p>IRS will update its Employee Plans Compliance Resolution System (EPCRS) revenue procedure to eliminate certain overpayment correction options that permit — and in some cases, require — repayment under terms that conflict with SECURE 2.0's new overpayment provision.</p>	<p>IRS makes first installment on SECURE 2.0 overpayment guidance (Oct. 24, 2024)</p> <p>Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)</p> <p>Correcting retirement plan overpayments under SECURE 2.0 (July 28, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Error corrections (cont'd)					
Employee Plans Compliance Resolution System (EPCRS) expansion (Sec. 305)	<p>This provision significantly expands the Self-Correction Program (SCP) under IRS's EPCRS:</p> <ul style="list-style-type: none">• Inadvertent errors. Sponsors 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. Eligible inadvertent failures include those occurring despite practices and procedures reasonably designed to promote overall compliance with applicable IRC requirements.• Loan failures and the Voluntary Fiduciary Correction Program (VFCP). SCP will be available for more plan loan failures, and DOL must treat inadvertent loan failures corrected under the SCP as meeting VFCP requirements.• Correction by IRA custodians. Treasury must expand EPCRS to allow IRA custodians to correct inadvertent errors.	Treasury must update EPCRS by Dec. 29, 2024.	N/A	<p>IRS Notice 2023-43 confirms that plan sponsors (but not IRA custodians) may rely on the expanded SCP before IRS updates Rev. Proc. 2021-30. Sponsors may use the expanded SCP even for errors that occurred prior to SECURE 2.0's enactment, although some limitations apply.</p> <p>Plans can't use SCP to correct failures that are egregious, involve the diversion or misuse of plan assets, or directly or indirectly relate to an abusive tax avoidance transaction.</p> <p>DOL's updated VFCP, effective March 17, 2025, allows self-correction of ERISA violations involving eligible inadvertent participant loan failures corrected under SCP.</p>	<p>DOL touts new self-corrections, more flexibility in VFCP update (March 17, 2025)</p> <p>The ABCs of IRS FAQs on EPCRS under SECURE 2.0 (June 6, 2023)</p>
Safe harbor correction of employee elective deferral errors (Sec. 350)	<p>Plans will have 9-1/2 months after plan year-end to correct — without penalty — reasonable errors in administering auto-enrollment and auto-escalation features. A shorter correction period applies if the employee notifies the sponsor of the error. Employers wouldn't have to restore missed deferrals but must pay any matching contributions participants would have received had the error not occurred. The correction is available for both current and former employees. This makes permanent (and expands) one of the temporary safe harbor corrections available under EPCRS originally scheduled to sunset for failures arising after 2023.</p>	Errors with a statutory correction deadline after Dec. 31, 2023	Optional	<p>Notice 2024-2 provides implementing guidance, including the timing for allocation of missed matching contributions and application of the safe harbor's notice requirements to former employees.</p>	<p>IRS fine-tunes auto-enrollment exemption, explains new correction (April 15, 2024)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Miscellaneous					
Retirement Savings Lost and Found (Sec. 303)	DOL, in consultation with Treasury, must establish an online searchable database of information about retirement benefits. Plan administrators will have to provide DOL with information about current and former participants (as required by DOL regulations) to enable the agency to construct and operate the database. Anyone who had been a retirement plan participant or beneficiary will be able to search the database to get the plan administrator’s contact information to make a claim for benefits.	<p>DOL must establish database by Dec. 29, 2024.</p> <p>Plan administrators will have to start furnishing information for plan years beginning after Dec. 31, 2023.</p>	SECURE 2.0 makes reporting mandatory, but DOL has implemented voluntary reporting that goes beyond the statutory requirements.	<p>DOL must allow individuals to opt out of inclusion in the retirement Savings Lost and Found. DOL’s inspector general must conduct regular integrity audits of the program.</p> <p>Because of issues accessing Form 8955-SSA information, DOL initially <u>proposed</u> plan administrators help it establish the database by voluntarily providing extensive historical information about terminated vested participants on an attachment to Form 5500 for the 2023 plan year. But DOL scaled back its voluntary <u>information collection request</u> before <u>launching the database</u> in December 2024.</p>	<p><u>DOL goes live with SECURE 2.0 lost-and-found data collection</u> (Dec. 12, 2024)</p> <p><u>DOL slashes info request for SECURE 2.0 lost-and-found database</u> (Oct. 7, 2024)</p> <p><u>DOL seeks information for SECURE 2.0 lost-and-found database</u> (April 30, 2024)</p> <p><u>Lawmakers release SECURE 2.0 corrections bill for beta testing</u> (Jan. 12, 2024)</p> <p><u>Sifting through SECURE 2.0’s Retirement Savings Lost and Found</u> (Sept. 21, 2023)</p>
Tribal government domestic relations orders (DROs) can be QDROs (Sec. 339)	Plans can now recognize as a QDRO a DRO issued by or under the laws of an Indian tribal government, a subdivision thereof, or an agency or instrumentality of either an Indian tribal government or a subdivision thereof.	DROs received (or submitted for reconsideration) after Dec. 31, 2022	Mandatory	Prior law only recognized DROs issued by a state, a US territory and Washington, DC.	

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Miscellaneous (cont'd)					
Defined contribution group (DCG) audit exception (Sec. 345)	This provision eliminates the trust-level audit requirement for groups of plans permitted to file a single Form 5500 under the SECURE Act. DOL and Treasury referred to these plans as “defined contribution groups” (DCGs) in proposed revisions to Form 5500 and related regulations released in September 2021. Only large plans (with 100 or more participants) in the DCG must undergo an audit.	Dec. 29, 2022	N/A	<p>Proposed revisions to Form 5500 would have required trust-level audits, even if a DCG contains only small plans (with fewer than 100 participants) exempt from ERISA’s audit requirement.</p> <p>Final updates to the Form 5500 and supporting DOL regulations for 2023 plan-year filings reflect this change.</p>	<p>Informational copies of 2023 Form 5500 series now available (Nov. 27, 2023)</p> <p>Form 5500 trilogy concludes with latest set of changes (March 13, 2023)</p>

Section 5

Tax credits and penalties

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Reduction in excise tax for RMD failures (Sec. 302)	The excise tax for failure to take RMDs is reduced to 25% (from 50%). The tax is further reduced to 10% if the failure is fixed during a specified correction window.	Tax years beginning after Dec. 29, 2022	N/A	IRS's 2024 final regulations reflect the statutory changes.	IRS delays effective date for portion of upcoming RMD regulations (Jan 15, 2025) IRS finalizes SECURE 1.0 RMD rule changes, proposes 2.0 changes (Aug. 16, 2024) SECURE 2.0 brings more changes to required minimum distribution rules (Feb. 8, 2023)
Small employer startup credit (Sec. 102)	The small employer retirement plan startup credit is modified as follows: <ul style="list-style-type: none">Employers with 50 or fewer employees now get a credit for 100% (up from 50%) of the costs to start and administer a pension plan, but the credit is still capped at \$5,000 and available for the employer's first 3 taxable years administering the plan.Employers that start a DC plan get an additional credit that's a percentage of their contributions on behalf of employees, capped at \$1,000 per employee and phased out for employers with 51–100 employees.	Tax years beginning after Dec. 31, 2022	Optional	Provision could be interpreted as counting the additional credit for employer contributions toward the \$5,000 cap. Draft technical corrections legislation would clarify that the credits are separate. (In Notice 2024-2 , IRS already interprets it as a separate credit.)	Lawmakers release SECURE 2.0 corrections bill for beta testing (Jan. 12, 2024)

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Application of startup credit for MEPs (Sec. 111)	Small employers joining a MEP or a PEP get the startup credit for three years, regardless of how long the MEP or PEP has existed.	Retroactive for tax years beginning after Dec. 31, 2019	Optional	The credit's availability previously was based on when the MEP or PEP started (e.g., if an employer joined a PEP that had started 1 year earlier, the employer received the credit for only 2 years).	
Tax credit for military spouses (Sec. 112)	Small employers sponsoring DC plans get a tax credit for making spouses of active-duty military members eligible to participate within 2 months of hire and then immediately able to receive matching or nonelective contributions that they would otherwise have received at 2 years of service. The contributions must be 100% vested. The maximum credit is \$500 per military spouse. The credit is available for the spouse's first 3 years of participation and only if the spouse is a nonhighly compensated employee.	Tax years beginning after Dec. 29, 2022	Optional	Notice 2024-2 provides guidance on employers' ability to claim the credit in a few specific cases.	
IRA-specific provisions					
Index IRA catch-up limits (Sec. 108)	The \$1,000 catch-up contribution limit for IRA owners ages 50 or older will now be indexed.	Tax years beginning after Dec. 31, 2023	N/A		
Changes for qualified charitable distributions (QCDs) from IRAs (Sec. 307)	Two changes for QCDs from IRAs are: <ul style="list-style-type: none">• The \$100,000 annual limit on tax-free charitable distributions will now be indexed.• A new, one-time distribution up to \$50,000 to "split-interest entities" is also permitted under certain conditions.	Indexing: tax years beginning after 2023 One-time distributions: tax years beginning after Dec. 29, 2022	N/A		

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
IRA-specific provisions (cont'd)					
Statute of limitations for excise tax on excess IRA contributions and missed RMDs (Sec. 313)	The 3-year statute of limitations on excise taxes owed on missed RMDs from IRAs now starts to run when the IRA holder files a federal income tax return for the year in which the failure occurs. A similar rule applies for excise taxes owed on excess IRA contributions, except the statute of limitations is 6 years instead of 3 years.	Dec. 29, 2022	N/A		
Clarification for excise tax on IRA prohibited transactions (Sec. 322)	If an individual has multiple IRAs and commits a prohibited transaction with one of the IRAs, only that IRA is disqualified and treated as distributed to the individual.	Tax years beginning after Dec. 29, 2022	N/A		
No excise tax on corrective distributions and earnings from IRAs (Sec. 333)	A distribution of excess IRA contributions and related earnings is not subject to the 10% early withdrawal penalty tax.	Any determination made after Dec. 29, 2022, even if the failure occurred before that date	N/A		

Section 6

Plan amendments and technical corrections

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
Plan amendments for SECURE 2.0 (Sec. 501)	<p>Plan amendments for SECURE 2.0 must be adopted by the end of the first plan year beginning on or after Jan. 1, 2025 (2027 for governmental and collectively bargained plans). The statute provides anti-cutback relief for these amendments if plans operate in accordance with applicable changes until amendments are adopted.</p> <p>The statute also extends the plan amendment deadlines for SECURE 1.0, the Coronavirus Aid, Relief and Economic Security (CARES) Act (<u>Pub. L. No. 116-136</u>), and the Taxpayer Certainty and Disaster Tax Relief Act (Relief Act) (<u>Div. EE of Pub. L. No. 116-260</u>) as follows:</p> <ul style="list-style-type: none">• SECURE 1.0 deadlines now match the SECURE 2.0 deadlines.• The amendment deadlines for the CARES Act and the Relief Act are now the end of the 2025 plan year (2027 plan year for governmental plans).	N/A	N/A	<p><u>Notice 2024-2</u> extends the plan amendment deadlines for SECURE 1.0 and 2.0, CARES Act, Relief Act and the age reduction for in-service distributions to 59-1/2 under the Bipartisan American Miners Act of 2019 (<u>Div. M of Pub. L. No. 116-94</u>). Amendments for those laws are now due by Dec. 31, 2026, except sponsors of collectively bargained plans have until Dec. 31, 2028, and governmental sponsors have until Dec. 31, 2029. However, the notice didn't extend the SECURE 1.0 and 2.0 amendment deadline for non-governmental Section 457(b) plans. Amendments for those plans are still due by Dec. 31, 2025.</p> <p>Sponsors of Puerto Rico retirement plans adopting any of SECURE 2.0's required or optional changes don't need to apply for a new letter of qualification as a result of these amendments.</p>	<p><u>Most retirement plan sponsors have few 2025 year-end amendments</u> (Oct. 3, 2025)</p> <p><u>SECURE 2.0 amendments don't affect qualification in Puerto Rico</u> (Sept. 11, 2025)</p> <p><u>IRS's 2024 Required Amendments List is chock-full of changes</u> (Dec. 18, 2024)</p> <p><u>After empty 2023 RA List, IRS delays amendment deadlines for new laws</u> (Dec. 21, 2023)</p>

Provision	Description of change	Effective date	Optional or mandatory?	Comments	Mercer Law & Policy resources
SECURE 1.0 technical amendments (Sec. 401)	One technical amendment clarifies that an auto-enrollment notice is required for QACAs.	SECURE 1.0 effective dates	Mandatory		
	Other technical amendments make several clarifications for long-term part-time (LTPT) workers:		Optional		
	<ul style="list-style-type: none">Participants who join a DC plan under the LTPT worker rule can be excluded for nondiscrimination purposes, including the safe harbor plan rules.		Mandatory		
	<ul style="list-style-type: none">The requirement that each year with 500 hours of service counts as a year of service for vesting purposes applies to the entire plan, not just the deferral arrangement.Participants who join a DC plan under the LTPT worker rule are treated as full-time under the plan when they've satisfied the IRC's minimum age and service requirements for participant (age 21 and 1 year of service in which the employee works at least 1,000 hours).		Mandatory		

Section 7

Agency directives (not already mentioned above)

Provision	Description of change	Effective date	Comments	Mercer Law & Policy resources
Treasury to promote expanded saver's match (Sec. 104)	Treasury must take steps to increase public awareness of the expanded saver's credit (discussed above) and report to Congress on the department's anticipated promotional efforts.	Treasury report to Congress due by July 1, 2026	Notice 2024-65 seeks stakeholder input on a host of issues, including required plan disclosures to participants, Form 5500 reporting, and correcting erroneous contributions.	Treasury and IRS start warming up for SECURE 2.0's saver's match (Nov. 4, 2024)
Triagency report on disclosures (Sec. 319)	Treasury, DOL and PBGC must review reporting and disclosure requirements that apply to retirement plans under ERISA and the IRC. This provision directs the agencies to consult with participant and employer representatives and prepare a report to Congress evaluating the effectiveness of current disclosures and making recommendations on how to consolidate, simplify, standardize and improve disclosures. The report must include an analysis of how participants and beneficiaries are providing preferred contact information, the methods plan sponsors are using to provide disclosures, and the rate at which participants and beneficiaries are receiving, accessing, understanding, and retaining disclosures.	Agencies must begin their review as soon as practicable. Report to Congress is due by Dec. 29, 2025	The Treasury Department, DOL and PBGC issued a joint request for information (RFI) on Jan. 23, 2024, seeking input from stakeholders. The RFI included two dozen questions on aspects of current disclosure and reporting requirements for retirement plans.	Agencies launch SECURE 2.0 reporting and disclosure review (Feb. 14, 2024)
Treasury guidance on streamlining rollovers (Sec. 324)	After obtaining relevant information from participants and plan sponsor representatives, Treasury must release sample forms for direct rollovers and trustee-to-trustee transfers.	By Jan. 1, 2025	Treasury must consider coordination with the triagency report on disclosures (Sec. 319) and the Government Accountability Office (GAO) report on 402(f) notices (Sec. 336).	

Provision	Description of change	Effective date	Comments	Mercer Law & Policy resources
GAO report on 402(f) notices (Sec. 336)	GAO must issue a report to Congress on the effectiveness of currently required Section 402(f) rollover notices. The report must recommend ways to facilitate better understanding of different distribution options and corresponding tax consequences, including spousal rights.	Within 18 months after Dec. 29, 2022		
DOL report on DC plan fee disclosure (Sec. 340)	DOL must explore how to improve the required content and design of DC plan fee disclosures to enhance participants' understanding of fees and expenses, as well as the cumulative effect on retirement savings over time. DOL must report its findings to Congress, including recommended consumer education on financial literacy concepts relating to retirement plan fees and recommended legislative changes to address the findings.	By Dec. 29, 2025	<p>In a request for information issued on Aug. 11, 2023, DOL asked for comments on:</p> <ul style="list-style-type: none">• The content and adequacy of information currently provided to help DC participants make informed investment decisions• Any additional content not currently required — or different design, delivery or formatting of disclosures — that could enhance participants' understanding plan costs• Modifications to DOL's model comparative chart that could enhance its effectiveness	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)

Provision	Description of change	Effective date	Comments	Mercer Law & Policy resources
DOL/IRS regulations allowing consolidation of certain DC plan notices (Sec. 341)	DOL and Treasury must adopt regulations allowing plans to consolidate into a single notice two or more of the required notices regarding QDIAs, automatic enrollment and 401(k) plan safe harbors.	By Dec. 29, 2024	<p>In FAQ guidance on pension-linked emergency savings accounts issued in coordination with Treasury and IRS, DOL reiterated the agencies' prior guidance on permitted consolidation of these notices. DOL is treating the FAQ guidance as satisfying this statutory directive.</p> <p>This provision doesn't prevent consolidation of other notices, as permitted by DOL and Treasury.</p>	DOL starts tackling SECURE 2.0 reporting and disclosure updates (Sept. 19, 2023)
DOL report on inflation and retirement plans (Sec. 347)	DOL, in consultation with Treasury, must study the effect of inflation on retirement savings and submit findings to Congress.	Findings to Congress were due March 29, 2023		

Mercer US LLC
1166 Avenue of the Americas
New York, NY 10036
www.mercer.com

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