

January 4, 2023

# The SECURE 2.0 Act of 2022 Passes



On December 29, 2022, President Biden signed into law the Consolidated Appropriations Act of 2023, which includes the package of retirement provisions referred to as "SECURE 2.0". These provisions continue the themes and reforms that began with the 2019 SECURE Act, focusing on getting more participants into the retirement system, finding ways for them to accumulate more assets, and then ensuring they get connected with those assets when retirement comes.

This article summarizes the key provisions of interest to plan sponsors, including which changes are required, which are optional (and will require decisions by sponsors as to whether to adopt or not), and the respective effective dates. Generally, *required* changes are not effective before the plan year beginning on or after January 1, 2024, so sponsors will have time to work with recordkeepers and other providers to prepare for compliance.

Also included with this article is a detailed description of a few of the key provisions that impact employer sponsored plans.

## Key Provisions of SECURE 2.0 For Plan Sponsors

### **Required Changes for Sponsors Effective for Plan Years Beginning on or After January 1, 2024 (Unless Otherwise Noted):**

- A further increase in the required minimum distribution (RMD) age. Building on the SECURE Act's increase in the RMD age to 72, SECURE 2.0 will increase the RMD age to 73 beginning in 2023 and then to 75 in 2033. (In addition, penalties for those who fail to take their RMDs would be reduced.) What does this mean? Anyone who turns 72 in 2023 is not required to take an RMD for 2023, instead they will be required to start taking RMDs for calendar year 2024, the year they turn 73.

- Catch-up contributions required to be Roth. Special catch-up contributions for DC plan participants beginning at age 50 (if allowed by the plan) are now required to be made on a Roth basis for participants who earn \$145,000 (with indexation after 2024) or more in the prior year.
- Further expansion of eligibility to long-term, part-time workers. The long-term, part-time worker eligibility provision that was first added by the SECURE Act would change so participation in a DC plan would be attained after just two consecutive years of 500 or more hours (instead of three under the SECURE Act). However, this two-year provision doesn't take effect until January 1, 2025, which means the original SECURE Act three-year provision still applies for 2024. (To clarify, this means if you have between 500 and 1,000 hours in each of the years 2021, 2022 and 2023, you would become a participant under the original SECURE Act provision in 2024. After that, an employee only needs two consecutive years between 500 and 1000 hours to first obtain eligibility.)
- Mandatory cash out limits. The limit for mandatory cash outs, last changed in 1997, would be raised from \$5,000 to \$7,000 (without any indexation in future years).
- Emergency withdrawal expenses. An exception from the 10% tax would be provided for emergency expenses, which are certain unforeseeable or immediate financial needs, on a limited basis (once per year, up to \$1,000). Three-year optional payback period. Participants are restricted from taking another emergency withdrawal within three years of any unpaid amount on a previous withdrawal.
- Required auto-enrollment for new DC plans. Almost all new DC plans would be required to auto-enroll employees upon hire. (Existing DC plans would be exempt.) This provision would be applicable for plan years beginning on or after January 1, 2025.
- Annual paper benefit statement. Plan sponsors relying on the Department of Labor (DOL)'s 2020 eDelivery regulations would be required to provide a paper benefit statement at least once annually for a defined contribution plan and at least once every three years for a defined benefit plan, unless a participant elects otherwise. This provision would be applicable for plan years beginning on or after January 1, 2026.

**Optional Changes for Sponsors to Consider (Available Upon Enactment Unless Otherwise Noted):**

- Student debt retirement benefit. Student loan payments could be treated as elective deferrals for the purposes of matching contributions to a retirement plan. This provision is available for plan years beginning on or after January 1, 2024.
- Emergency savings accounts. For plan years beginning on or after January 1, 2024, employers have the option to offer emergency savings accounts within the retirement plan to non-highly compensated employees. Contributions to these savings accounts would be made post-tax (Roth), and the accounts are capped at \$2,500 (or less if the employer so chooses).

- Additional catch-up contribution opportunities. For participants who attain ages 60 through 63 within the taxable year, the catch-up contribution limit would be increased to the greater of \$10,000 or 50% more than the “regular” catch-up amount. This provision is available for plan years beginning on or after January 1, 2025.
- Matching and non-elective contributions could be Roth. If so inclined, employers could permit employees to elect for some or all of their matching and/or non-elective contributions to be treated as Roth contributions.
- Recouping overpayments. Plan sponsors would be allowed to not recoup overpayments if retirees mistakenly received too much from their retirement plans; however, restrictions apply to plan sponsors who do.
- Self-certification of hardship withdrawals. Employees can self-certify that they have had an event that constitutes a deemed hardship for purposes of taking a hardship withdrawal.
- Facilitates automatic portability. A retirement plan service provider would be allowed to provide employer plans with automatic portability services. Such services involve the automatic transfer of a participant’s default IRA (established in connection with a distribution from a former employer’s plan) into the participant’s new employer’s retirement plan, unless the participant affirmatively elects otherwise. Effective for transactions occurring on or after twelve months after the date of enactment of SECURE 2.0.
- Domestic abuse withdrawals. Certain penalty-free withdrawals in the case of domestic abuse situations would be permitted. This provision is available for plan years beginning on or after January 1, 2024.

**Other Provisions of Note:**

- Establishment of a “lost and found” database. A new federal online “lost and found” database for retirement accounts would be created and maintained by the DOL to help participants find lost retirement benefits. Database would be established within two years of the enactment of the Act.
- Expansion of self-correction of plan violations. Effective as of the date of enactment, all inadvertent plan violations can be self-corrected under the Internal Revenue Service’s (IRS) Employee Plans Compliance Resolution System (“EPCRS”) without a submission to the IRS.

- Qualified longevity annuity contract (QLAC) reforms. For sponsors offering QLACs within their defined contribution plans, the requirement that the premiums for such contracts be limited to 25% would be eliminated, and the dollar limitation on premiums would be lifted from \$125,000 to \$200,000 (with indexation in future years). Effective as of the date of enactment, although the IRS is required to issue updated regulations concerning this provision within 18 months of passage.

## **What About DB Plans?**

As SECURE 2.0 was emerging, the two chambers of U.S. Congress took very different approaches around the inclusion of defined benefit plan-specific provisions. The House version had no DB-specific provisions, but the Senate bill included several. The major provisions that ultimately made it across the finish line in SECURE 2.0:

- The end of PBGC variable rate premium indexation. The percentage of underfunding for PBGC variable rate premium purposes will remain at 5.2% (the rate for 2023) for all future years. (Note that the flat rate premium and the per-participant variable rate cap will continue to be indexed.)
- Adjustments to mortality table development. For funding mortality tables for valuations beginning in 2024, the rate of future improvements is limited to that projected by the Social Security Administration for their purposes. The IRS is directed to issue updated regulations within 18 months of enactment.
- Additional lump sum window notices. Participant disclosures for lump sum windows will be significantly expanded, and information will be required to be provided to PBGC both before and after the window period. These rules will take effect within 12 months of the issuance of final regulations (which must be issued within one year of SECURE 2.0's passage).
- Cash balance non-discrimination testing clarifications. For cash balance plans crediting a variable interest credit (such as a market-based cash balance plan), the future rate assumed for projecting the interest crediting rate for non-discrimination testing and other compliance purposes (such as back loading and 415 limit testing) should be reasonable but not in excess of 6%.
- Expansion of Section 420 transfers. The ability of overfunded DB plans to transfer the excess to pay for retiree health benefits is continued through the end of 2032, and a new de minimis transfer rule is established.
- Annual Funding Notice Changes. Effective for plan years beginning on or after January 1, 2024, the AFN must include better mark to market representations of funded status by using non-smoothed asset values and spot interest rates for valuing the plan's liability.

## Detailed Comparison:

Included is a more detailed summary of the primary provisions of SECURE 2.0 that will impact single employer sponsored retirement plans with over 100 participants (due to the large number of provisions, provisions related to smaller plans, provisions that impact governmental plans only and specialty situations were excluded from the comparison).

## What's Next?

Plan sponsors will want to work with their recordkeepers and other providers/interested parties in ensuring compliance with the required provisions of SECURE 2.0. Sponsors will also have several decisions to make regarding the optional provisions – and in some cases, implementation, and related guidance from the Treasury Department and /or DOL may be needed before moving forward.

Fidelity will continue to monitor developments in this arena and share relevant updates as they occur.

## For More Information

For more information on this topic, please contact your Fidelity Relationship Manager or email [Fidelity Workplace Consulting](#).

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## Provisions Applicable to Defined Contribution and Defined Benefit Plans

	SECURE 2.0	Effective Date	Required or Optional
Required Minimum Distributions (RMD)	Increased Age - Increases the required minimum distribution from age 72 to 73 and then from age 73 to age 75.	Age 73 starting on January 1, 2023 Age 75 starting on January 1, 2033	Required
	Removes RMD barriers for life annuities – Allows guarantees typically desired by participants to be included in annuity contracts.	Calendar years ending after the date of enactment of this Act.  Effective on the date of enactment of this Act. The Treasury Secretary is to update the relevant regulations accordingly. Taxable years beginning after the date of enactment of this Act	Required
	Eliminating RMD Penalty on Partial Annuitization – Permits account owner to elect to aggregate distributions from both portions of the account for purposes of determining RMDs.		Required
	Lower penalties for failing to take an RMD – Reduces the 50% penalty for those who fail to take a RMD to 25% (10% if from an IRA)		Required
	RMD Treatment of In-Plan Roth Amounts - Eliminates the pre-death distribution requirement for Roth accounts in employer plans.	Effective for taxable years beginning after December 31, 2023  *Does not apply to distributions which are required with respect to years beginning before January 1, 2024, but are permitted to be paid on or after such date.	Required
	Spousal Beneficiaries Treated as Plan Participants for RMD Purposes - Would permit spousal beneficiaries of deceased retirement plan participants to elect to have the RMD rules	Calendar years beginning after December 31, 2023	Required

	applied employee or owner.as if the surviving spouse were the deceased		
<b>Retirement "lost and found"</b>	<ul style="list-style-type: none"> <li>· Establishes a new federal online "lost and found" database through the Department of Labor (DOL) for retirement accounts.</li> <li>· Enables retirement savers, who might have lost track of their pension or 401(k) plan, to search for the contact information of their plan administrator.</li> </ul>	Creation of the database no later than two years after the date of enactment of this Act.	N/A
<b>Recouping overpayments</b>	<ul style="list-style-type: none"> <li>· Allows plan sponsors to not recoup overpayments if retirees were mistakenly overpaid in their retirement plan(s). If the plan sponsor chooses to recoup overpayments, restrictions apply, including a new Statute of Limitations, limits on recoupment amounts, and the trust must be made whole unless it is fullyfunded.</li> <li>· Rollovers of the overpayment also remain valid.</li> <li>· Further outlines how plan fiduciaries may proceed with recoup of overpayments that were made prior to the date of enactment of this Act.</li> </ul>	Effective on the date of enactment of this Act	N/A
<b>Mandatory cashout limit</b>	<ul style="list-style-type: none"> <li>· Increases the mandatory cash out limit from \$5,000 to \$7,000 (still not indexed).</li> </ul>	Effective for distributions made after December 31, 2023	Optional
<b>DOL eDelivery regulation rollback</b>	<ul style="list-style-type: none"> <li>· Unless a participant elects otherwise, defined contribution plans are required to provide a paper benefit statement at least once annually. The other three quarterly statements required under ERISA are not subject to this rule and may be provided electronically.</li> <li>· Unless a participant elects otherwise, defined benefit plans must provide a paper statement once every three years under ERISA.</li> </ul>	The Labor Secretary must update the relevant sections of their regulations and corresponding guidance by December 31, 2024, and the annual paper statement is effective for plan years beginning after December 31, 2025	Required
<b>Self-correcting plan violations</b>	<ul style="list-style-type: none"> <li>· Generally, allows all inadvertent plan violations to be self-corrected under the IRS Employee Plans Compliance Resolution System ("EPCRS") without a submission to the IRS.</li> <li>· Applies to inadvertent IRA errors (e.g., plan loans)</li> </ul>	Effective on the date of enactment of this Act	N/A

	<ul style="list-style-type: none"> <li>· Exempt certain failures to make RMDs from the otherwise applicable excise tax.</li> <li>· Rev. Proc. 2021-30 will be updated within two years of enactment of this Act.</li> </ul>		
<b>Retroactive amendments to increase benefits</b>	<ul style="list-style-type: none"> <li>· Allows discretionary amendments that increase participants' benefits to be adopted by the due date of the employer's tax return.</li> </ul>	Plan years beginning after December 31, 2023	N/A
<b>Simplify 402(f) Special Tax Notice</b>	<ul style="list-style-type: none"> <li>· Section 402(f) notices are given by employer retirement plans in the case of a distribution to a participant that is eligible for rollover to another tax preferred retirement account and describes distribution options and tax consequences. Government Accountability Office to issue a report to Congress on effectiveness of section 402(f) notices.</li> </ul>	Government Accountability Office to issue a report to Congress on the effectiveness of section 402(f) notices within 18 months after the date of enactment of this Act	N/A
<b>Treasury guidance on rollovers</b>	<ul style="list-style-type: none"> <li>· Requires Treasury to simplify and standardize the rollover process by issuing sample forms for direct rollovers (incoming and outgoing) for retirement plans and IRAs.</li> </ul>	Development and release of the sample forms must be completed no later than January 1, 2025	N/A
<b>Tribal QDROs</b>	<ul style="list-style-type: none"> <li>· Recognizes the sovereignty of tribal courts by allowing them to issue a QDRO, allowing parity between tribal and state courts.</li> </ul>	Effective to domestic relations orders received by plan administrators after December 31, 2022, including any such order which is submitted for reconsideration after such date	Required
<b>Technical corrections &amp; plan amendments</b>	<ul style="list-style-type: none"> <li>· Amendments relating to Setting Every Community Up for Retirement Enhancement Act of 2019. Includes three technical and five clerical amendments to the SECURE Act.</li> </ul>	Effective as if included in the section of the SECURE Act to which the amendment relates	N/A
<b>Study impact of inflation</b>	<ul style="list-style-type: none"> <li>· DOL, in consultation with the IRS, directed to conduct a study on impact of inflation on retirement savings.</li> </ul>	Report back to Congress within 90 days of enactment.	N/A



## Provisions Applicable to only to Defined Contribution Plans

	SECURE 2.0	Effective Date	Required or Optional
<b>Student debt retirement benefit</b>	<ul style="list-style-type: none"> <li>Allows plan sponsors the option to treat student loan payments as elective deferrals for the purposes of matching contributions to a retirement plan. Applicable to 401(k)/403(b)/SIMPLE IRA and Governmental plans.</li> <li>Plan may perform NDT separately for the employees who receive matching contributions on student loan repayments.</li> </ul>	Beginning after 12/31/2023	Optional
<b>Auto-enrollment requirement</b>	<ul style="list-style-type: none"> <li>Establishes a new auto-enrollment requirement of at least 3%, but not more than 10%. Auto escalation of 1% until 10%, but not more than 15% beginning each year after initial auto enrollment year.</li> <li>Applies to <u>new</u> 401(k) and 403(b) plans. All <u>existing</u> retirement plans and plans with 10 employees or less, new businesses (i.e., those that have been in business for less than three years), church plans, and governmental plans are exempted from the requirement.</li> </ul>	Plan years beginning after 12/31/2024	Required for new plans (small plan exception)
<b>Increases "catch-up" contributions</b>	<ul style="list-style-type: none"> <li><u>Increases</u> the catch-up contribution limit to greater of \$10,000 or 50% more than the regular catch-up amount (as indexed) in 2025 for participants aged 60, 61, 62 and 63. Increased amounts are indexed for inflation after 2025.</li> </ul>	Taxable years beginning after December 31, 2024	Optional
<b>Catch-up contributions must be Roth</b>	<ul style="list-style-type: none"> <li>The special catch-up contributions permitted by reason of attaining age 50 must be made on a Roth basis under 401(k), 403(b) and governmental 457(b) plans.</li> <li>Exception applies for employees with compensation of \$145,000 or less in prior year (indexed starting in 2025).</li> </ul>	Taxable years beginning after December 31, 2023	Required (if plan allows for catch-up contributions)

<b>Matching and/or non-elective contributions may be Roth</b>	<ul style="list-style-type: none"> <li>· Employers may permit employees to elect all or some of their matching and/or non-elective contributions to be treated as Roth contributions under a 401(k), 403(b), or governmental 457(b) plan.</li> </ul>	Effective on the date of enactment of this Act	Optional
<b>Long term, part-time worker eligibility</b>	<ul style="list-style-type: none"> <li>· Expands plan eligibility for long-term part-time workers. Plan must have dual eligibility requirement under which employee must complete either 1 year of service (1,000 rule) or 2 year rule (500 hours).</li> <li>· Pre-2021 service is disregarded for vesting purposes, just as service is disregarded for eligibility purposes.</li> <li>· Applicable to 401(k) plans and 403(b) plans that are subject to ERISA.</li> <li>· Does not apply to collectively bargained plans.</li> </ul>	Plan years beginning after December 31, 2024  (Note the SECURE Act three year rule will be effective for one year in 2024 before SECURE 2.0 two year rule supersedes it)	Required
<b>Emergency savings accounts</b>	<ul style="list-style-type: none"> <li>· Option to offer emergency savings accounts to NHCEs linked to DC Plan.</li> <li>· After-tax (Roth) contributions that are match eligible</li> <li>· Must be invested in a principal preservation investment.</li> <li>· Contributions cease once account reaches \$2,500 or may be lower.</li> <li>· Auto-enrollment allowed up to 3% of pay.</li> <li>· Amounts may be withdrawn at any time without penalty.</li> </ul>	Effective for distributions made after December 31, 2023	Optional
<b>Automatic portability enhancement</b>	<ul style="list-style-type: none"> <li>· Permits a retirement plan service provider to provide employer plans with automatic portability services. Such services involve the automatic transfer of a participant's default IRA (established in connection with a distribution from a former employer's plan) into the participant's new employer's retirement plan, unless the participant affirmatively elects otherwise.</li> </ul>	Effective for transactions occurring on or after the date which is 12 months after the date of enactment of this Act	Optional

<b>Early withdrawal tax penalty relief</b>	<ul style="list-style-type: none"> <li>Emergency withdrawal expenses - Exception from the 10% tax for emergency expenses, which are unforeseeable or immediate financial needs due to emergency. Limited to one-per-year, up to \$1,000, and taxpayer would have the option to repay within three years, during which no further emergency distributions would be allowed unless repayment occurs.</li> </ul>	Distributions made after December 31, 2023	Required
	<ul style="list-style-type: none"> <li>Exception for terminal illness - Would provide an exception to the 10% tax in the case of a distribution to a terminally ill individual.</li> </ul>	Distributions made after the date of enactment of this Act	N/A
	<ul style="list-style-type: none"> <li>Long term care contracts purchase - Would permit retirement plans to distribute up to \$2,500 per year for the payment of premiums for certain specified long-term care (LTC) insurance contracts. Distributions would be exempt from the additional 10% tax on early distributions. Only policies that provide high quality coverage would be eligible.</li> </ul>	Effective three years after date of enactment of this Act	Optional
	<ul style="list-style-type: none"> <li>Substantially Equal Periodic Payment (SEPP) Current law imposes a 10 percent additional tax on early distributions, but an exception applies to substantially equal periodic payments that are made over the account owner's life expectancy. The exception continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments, or an annuity that satisfies the required minimum distribution rules.</li> </ul>	Effective for transfers, rollovers, exchange after December 31, 2023 and effective for annuity distributions on or after the date of enactment of this Act	N/A
<b>Domestic abuse withdrawals</b>	<ul style="list-style-type: none"> <li>Allows retirement plans to permit participants that self-certify that they experienced domestic abuse to withdraw a small amount of money (the lesser of \$10,000, indexed for inflation, or 50 percent of the participant's account), exempt from 10% early withdrawal tax.</li> <li>May be repaid to plan over three years and will be refunded for income taxes on money that is repaid.</li> </ul>	Effective for distributions made after December 31, 2023	Optional
<b>Withdrawal relief for disasters</b>	<ul style="list-style-type: none"> <li>Provides permanent rules relating to the use of retirement funds of up to \$22,000 to be distributed from a retirement plan or IRA for affected individuals in the case of qualified federally declared disasters.</li> </ul>	Effective for disasters occurring on or after January 26, 2021	Required

	<ul style="list-style-type: none"> <li>· Exempt from 10% additional tax and are considered gross income over three years.</li> <li>· May be repaid to a tax preferred retirement account.</li> <li>· Amounts distributed prior to the disaster to purchase a home may be recontributed.</li> <li>· An employer may provide for a larger amount to be borrowed from the plan by affected individuals and allow additional time for repayment of plan loans owed by affected individuals.</li> </ul>		
<b>QLAC reforms</b>	<ul style="list-style-type: none"> <li>· Makes several reforms to qualifying longevity annuity contracts ("QLACs").</li> <li>· Repeal 25% limit, allow up to \$200,000 (indexed) from account balance to purchase QLAC.</li> <li>· Allows spousal survival rights.</li> <li>· Clarifies free-look periods are permitted up to 90 days with respect to contract purchased/received in an exchange on or after 7/2/2014.</li> </ul>	Effective for contracts purchased or received in an exchange on the date of enactment of this Act, and the Treasury Secretary must update the relevant regulations within 18 months of the date of enactment of this Act.	Required
<b>Allows small immediate financial incentives to enrollment</b>	<ul style="list-style-type: none"> <li>· Enables employers to offer de minimis financial incentives, not paid with plan assets, such as low dollar gift cards, to boost participation in the plan. Applicable for 401(k)/403(b).</li> </ul>	Plan years beginning after the date of enactment of this Act	Optional
<b>Top heavy rules</b>	<ul style="list-style-type: none"> <li>· Separate testing of excludable employees for certain top-heavy purposes in order to increase retirement plan coverage for more workers.</li> </ul>	Plan years beginning after December 31, 2023	Optional
<b>Self-certification of hardship</b>	<ul style="list-style-type: none"> <li>· Employees may self-certify that they have had an event that constitutes a deemed hardship for purposes of taking a hardship withdrawal from a 401(k) plan or a 403(b) plan.</li> </ul>	Effective for plan years beginning after the date of enactment of this Act	Optional
<b>DC plan fee disclosure rules</b>	<ul style="list-style-type: none"> <li>· Requires the agency to review its fiduciary disclosure requirements in participant-directed individual account plan regulations.</li> </ul>	Report must be submitted to Congress within three years on such findings, including recommendations for legislative changes	N/A

Consolidation of notices	<ul style="list-style-type: none"> <li>Current law requires certain notices to be individually sent.</li> </ul>	Directs the Treasury and DOL Secretaries within two years to amend regulations to permit a plan to consolidate certain required plan notices	N/A
Eliminating unnecessary plan requirements for "unenrolled participants"	<ul style="list-style-type: none"> <li>Removes requirement to provide certain ERISA/Code notices to participants who have received the SPD and any other notices related to eligibility but who have not elected to participate in a workplace plan.</li> <li>Plan sponsor must provide annual reminder notice and any otherwise required document requested by the participant.</li> </ul>	Plan years beginning after December 31, 2022	N/A
Repayments of qualified birth or adoption distribution	<ul style="list-style-type: none"> <li>Limits the period to repay (treated as a rollover) to within three years of the date that the distribution was received.</li> </ul>	Effective to distributions made after the date of the enactment of this Act and retroactively to the three-year period beginning on the day after the date on which such distribution was received.	Optional
Safe harbor for correcting employee elective deferral failure	<ul style="list-style-type: none"> <li>Allows certain plans up to 9.5 months after the end of the plan year to make corrections for reasonable errors in administering automatic enrollment and automatic increase provisions.</li> </ul>	Effective to errors after December 31, 2023	Optional
Conforming 403(b) hardship rules to 401(k) hardship rules	<ul style="list-style-type: none"> <li>Allows 403(b) plans to make hardship distributions from more contribution sources, such as qualified matching contributions, aligning the rules with the hardship rules for 401(k) plans.</li> </ul>	Effective for plan years beginning after December 31, 2023	Optional
Collective Investment Trusts (CITs)	<ul style="list-style-type: none"> <li>Amends the IRS rules to allow 403(b) plans to invest in group trusts with other tax-preferred savings plans and IRAs.</li> </ul>	Technically effective after date of enactment, however, securities law exemptions are necessary to implement this change which were not included in the law.	Optional
Audits for group of plans	<ul style="list-style-type: none"> <li>Plans filing a Form 5500 for a Group of Plans need only to submit an audit opinion if the plan has 100 participants or more. DOL and Treasury will continue to receive full audit information on at least the number of plans as undercurrent law.</li> </ul>	Effective on the date of enactment of this Act	Optional

Multiple Employer Plans (MEPs) for 403 (b)s	· Allows 403(b) plans to be maintained as a MEP/PEP, including relief from the one bad apple rule.	Plan years beginning after December 31, 2022	Optional
Pooled Employer Plan Modification	· PEP may designate a named fiduciary (other than an employer in the plan) to collect contributions for the plan. Fiduciary must implement written procedures.	Plan years beginning after December 31, 2022	Optional

## Provisions Applicable Only to Defined Benefit Plans

	SECURE 2.0	Effective Date	Required or Optional
PBGC Variable Rate Premiums (VRP)	· Would eliminate the indexing of the VRP and freeze the VRP rate at the current level (\$52 per \$1,000 of unfunded vested benefits). No change to per-participant VRP cap indexation.	Effective on the date of enactment of this Act	N/A
Cash Balance interest credit projections	· Clarifies application of Code and ERISA rules, such as backloading and section 415 (in the case of the Code only), as they relate to hybrid plans that credit variable interest. · Specifies that the interest crediting rate be a reasonable projection, subject to a maximum of 6 percent.	Effective for plan years beginning after the date of enactment of this Act	Required
Enhancing retiree health benefits	· Extends Section 420, which permits transfers from a pension plan to pay retiree health and life insurance benefits, provided the pension plan is over 125% funded, through the end of 2032 (currently set to expire at end of 2025). · Adds a de minimis transfer of no more than 1.75% of plan assets if the plan was at least 110% funded.	Effective for transfers made on or after the date of enactment of this Act	Optional
Annual Funding Notice (AFN) changes	· Aims to identify defined benefit pension plan funding status more clearly on a plan's annual funding notice by requiring year-end spot interest rates and actual asset values (i.e., no smoothing) be used.	Effective for plan years beginning after December 31, 2023	Required

<b>Lump Sum Window disclosures</b>	<ul style="list-style-type: none"> <li>Requires pension plan administrators to provide plan participants and retirees with critical information to allow people considering what is best for their financial futures to compare between benefits offered under the plan and the lump sum with explanation of how the lump sum was calculated, the ramifications of accepting a lump sum, such as the loss of certain federal protections, details about the election period, where to follow up with questions, and other information.</li> </ul>	DOL Secretary must issue regulations implementing this provision not earlier than one year after enactment. Such regulations must be applicable not earlier than the issuance of a final rule and not later than one year after issuance of a final rule.	Required
<b>Updated mortality tables</b>	<ul style="list-style-type: none"> <li>For purposes of minimum funding rules, a pension plan is not required to assume beyond the plan's valuation date future mortality improvements at any age greater than 0.78%.</li> </ul>	Effective for valuation dates in 2024 and later. The Treasury Secretary shall amend the relevant regulation on the matter within 18 months of enactment of this Act	Required
<b>Pension reporting and disclosure review</b>	<ul style="list-style-type: none"> <li>Directs Treasury Department, the Pension Benefit Guarantee Corporation (PBGC) and the DOL to review current reporting and disclosure requirements for pension plans and report back to Congress within three years with recommendations on how to consolidate, simplify, standardize and improve such requirements.</li> </ul>	No later than three years after the date of enactment of this Act	N/A
<b>Pension Risk Transfer review</b>	<ul style="list-style-type: none"> <li>Directs DOL to review current pension risk transfer interpretive bulletin to determine if amendments are warranted and assess risk to participants. The DOL is to report back to Congress within 1 year.</li> </ul>	Report to Congress with findings no later than one year after enactment of this Act	N/A

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