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SECURE ACT

Applicability and Effective dates of Key Provisions

Provision	Applicability	Effective Date
Long-Term Part-Time Employees* LTPT must be allowed to make deferrals	401(k) Plans	Beginning 2024 Plan Year
Automatic Enrollment/Escalation* New Plan that started 01/01/2023 or later	401(k) Plan	Beginning 2025 Plan Year
NEW Catch-Up Contribution Rules* Catch-Up must be ROTH for Higher Wage Earners	401(k) Plan	Beginning 2024 Plan Year
Birth and Adoption Distributions (QBAD)	All Plans	Now – After Amendment
Domestic Abuse Victim Distribution	All Plans	Beginning 2024 Plan Year
Qualified Disaster Recovery Distributions	All Plans	Beginning 2023 Plan Year
Match on Student Loan Payments	401(k) Plan	Beginning 2024 Plan Year
Emergency Personal Expense Distribution	401(k) Plans	Beginning 2024 Plan Year
Pension-Linked Emergency Savings Acct (PLESA)	401(k) Plans	Beginning 2024 Plan Year
Enhanced Catch-Up Contributions For Participants age 60-63 only	401(k) Plans	Beginning 2025 Plan Year
Qualified Long-Term Care Distributions	All Plans	Beginning after 12/26/25
Permitting Employer Contributions to be deposited to Plan on a ROTH Basis	All Plans	Now – After Amendment
Increase RMD Start Age	All Plans	Age 73 – if you reach 72 after 2022
ROTH accounts exempted from RMD	All Plans	Beginning Tax Year 2024

*Mandatory Provisions

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06/2023

Secure Act – Long-Term Part-Time Employees

Mandatory Provision

Who is a *Long-Term Part-Time (LTPT)* Employee?

This term was created in 2019 with Secure 1.0 and was expanded in 2022 with Secure 2.0. This is defined as an Employee working fewer than 1,000 hours but more than 500 hours in a calendar year. As an example: if your plans' eligibility requires 1 year of service with at least 1,000 hours to be eligible and you have *LTPT* Employees not reaching 1,000 hours, then they are currently and correctly excluded from your 401(k) Plan. These *LTPT* Employees are not able to create any retirement savings for themselves.

Secure 1.0 **Required** *LTPT* Plan Provision:

The government would like all people to save for their retirement, so with Secure 1.0 created a way for part-time employees to improve their retirement savings. If an Employee works 3 consecutive years (2021, 2022, 2023) with service of less than 1,000 hours but more than 500 hours each year and are currently not eligible for your plan, they **must** be allowed to participate in the Plan **for deferral purposes only** beginning 01/01/2024.

Secure 2.0 **Required** *LTPT* Plan Provision:

Secure 2.0 expanded the provision even further. **Effective 01/01/2025**, the Employee will only need to have 2 consecutive years (12-month periods) with service of less than 1,000 hours but more than 500 hours each year. However, the regulations require the following years to be reviewed: 2021, 2022, 2023 and 2024. Remember this provision relates only to employees that are not currently covered by your retirement plan.

Effects of this New Regulation on Retirement Plans:

This provision will only apply if the Plan is a 401(k) Plan. Any Age eligibility requirement listed in the plan would need to be met prior to plan entry. These new *LTPT* Employees **can be** excluded from any type of plan testing (Coverage, Non-Discrimination, ADP/ACP Testing, Employer Contributions and/or Top-Heavy Testing). *LTPT* Employees service hours for Vesting Service on any current or future Employer Contribution is counted differently – 1 year of service = more than 500 hours ("Regular" employees are typically required to work 1000 hours to be credited with 1 year of service for vesting). This provision may be handled multiple ways – either eligibility will allow all employees to enter using the same provision which may not include an hour's requirement OR keep current eligibility but know that these LTPT employees must be treated differently and allowed in the plan for deferrals only.

Secure Act – Long-Term Part-Time Employees - Continued

Sponsor Responsibilities:

- Review your document and specifically your eligibility provisions – Does your plan already allow these people to participate?
- Monitor and review all employees to see if any meet the *LTPT* Employee requirements.
- Notify any *LTPT* Employees of their eligibility at least 30 days before the start of each Plan Year.
- Update Payroll with any document changes.

Possible Document Changes:

- Amend eligibility so that either all employees are allowed to participate and are treated the same OR the *LTPT* rules are met for employees that don't meet the current eligibility provisions.
- Allow *LTPT* Employees to be treated as Regular Participants for purposes of other contribution types (Safe Harbor, Matching, and/or Profit Sharing). Remember vesting years of service would be handled differently for LTPT employees.
- Instead of *LTPT* entry dates being 1st day of year and 1st of 7th month, the entry dates would match Regular Participants.
- Instead of age 21, the *LTPT* Minimum Age shall match Regular Participants.

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Secure 2.0 – NEW Plans – Automatic Enrollment

Mandatory on New Plans

For **any** NEW Plan effective January 1, 2023 or later, they **MUST** have an Automatic Enrollment provision in their Plan beginning with the 2025 Plan Year. For Plans effective prior to January 1, 2023, Automatic Enrollment is still optional.

What provision is required?

Beginning in 2025, a 401(k) plan cannot permit elective deferrals unless it satisfies mandatory automatic enrollment provisions in Secure 2.0. What are the rules?

- The plan must satisfy the EACA requirement of allowing employees (possibly including LTPT Employees) to elect to make a withdrawal of the default elective contributions within 90 days of 1st becoming subject to the automatic enrollment provision.
- The initial default deferral percentage during the 1st year of participation must not be less than 3% or more than 10%.
- On the 1st day of each completed year of participation, the percentage is increased by 1% to a maximum percentage (set by the plan) of 10% to 15%.
- Participants must be able to make a contrary, affirmative election to defer a different percent or none at all.
- Deferrals must be invested following the QDIA regulations, unless a different investment selection is made by the participant.

Sponsor Responsibilities:

- When is your plan's effective date? Is this provision required?
- Does your plan already have an Automatic Enrollment provision? Or do you wish to add one?
- Auto enrollment and annual auto increases must be monitored and reviewed to be sure all participants have been addressed correctly. Sponsors cannot assume a seamless integration with the Recordkeeper.
- Notify participants of any plan changes.

Possible Document Changes:

- Add Automatic Enrollment and Automatic Escalation to plan.
- Initial Default Deferral Percentage – to avoid automatic annual increases, a 10% deferral rate would be needed.
- If your plan does not already have a QDIA provision, this provision may also need to be added.

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Secure Act 2.0 – NEW Catch-Up Contribution Rules

Mandatory Provision

What is a *Catch-Up* Contribution?

A retirement plan **may** allow a *catch-up* eligible participant to make *catch-up* contributions to the plan. C*atch-Up* contributions are contributions that exceed either the Statutory Deferral Limit, any Employer-provided plan limit, or the Actual deferral percentage (ADP) limit each year up to a certain amount. In 2023, the maximum *Catch-Up* contribution in a 401(k) plan is $7,500 (this amount increases periodically with the cost of living). Note: Allowing *catch-up* contributions in your plan is Optional.

Who is a *Catch-Up* Eligible Participant?

An employee that is eligible to make elective deferrals under their retirement plan **AND** the employee is or will be age 50 on or before the end of the tax year.

New Required Provision (if plan allows for *Catch-up* Contributions):

Effective 01/01/2024, if a participant earns more than $145,000 in the prior calendar year (in 2023), *all Catch-up* contributions made by that *Catch-up* eligible participant will need to be made as ROTH deferrals. Participants earning $145,000 or less, adjusted for inflation going forward, will be exempt from the ROTH requirement on their *Catch-up* contributions. This includes the situation where a plan fails ADP testing and deferrals must be re-characterized as *Catch-up* contributions. Please note that this compensation limit is different than the Highly Compensated Employee compensation limit and wages used relate to IRC Section 3121(a) wages or FICA wages which is different from the plan's definition of compensation.

Sponsor Responsibilities:

- Discuss with your payroll provider which employees would be affected by this new provision. Who earns more than $145,000 in IRC Section 3121(a) wages or FICA wages in the prior calendar year? Payroll should be able to create a report for your use.
- Talk with your Recordkeeper about the proper completion of their enrollment form.
- Discuss the new requirement with all affected employees.
- Monitor Payroll during the year for all employees so that all *Catch-up* contributions are deferred as ROTH deferrals.
- Update Payroll and the Recordkeeper with any document changes.

Possible Document Changes:

- Adding a ROTH provision for deferrals to your 401(k)-plan beginning 2024 is strongly recommended. Please refer to your document to see if your plan allows for ROTH deferrals.
- Eliminate the ability of all employees to make *Catch-up* contributions to the plan, however this will not avoid the issue if you have a failed ADP test and is therefore not recommended.

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Secure Act – Birth and Adoption Distributions (QBAD)

Optional Provision

What is Qualified Birth or Adoption Distribution (QBAD)?

A qualified plan **may** allow a participant to take an in-service Qualified Birth or Adoption Distribution (QBAD) of up to $5,000 with respect to each birth or adoption. This can be made within the one-year period beginning on the date of birth of the participant's child or the date their child's adoption is finalized.

When is this **OPTIONAL** provision effective?

This QBAD provision was created with Secure 1.0 and can be effective any time after the plan adopts an amendment for this provision. This provision is available now. This provision is covered under the anti-cutback rules so once the plan adopts this provision, it must remain in the plan for any affected participants.

Advantages or Disadvantages of a QBAD?

Each parent can take this distribution for each child. The QBAD is not treated as an eligible rollover distribution so therefore is not subject to the mandatory withholding of 20%. It is subject to the 10% waivable withholding on nonperiodic distributions. The distribution is not subject to the 10% premature distribution tax. The amount provided to a participant can be repaid to the plan it came from or to an IRA account of the participant within 3 years of receipt.

Sponsor Responsibilities:

- Decision on whether to allow or not allow for a QBAD distribution from your plan.
- Notify participants of the availability of any QBAD distribution.
- Help any participant with the repayment of the QBAD if desired by the participant.

Possible Document Changes:

- If the decision is to allow QBAD
    - Which accounts/sources are available?
    - Does the participant need to be fully vested in the accounts?
    - Can a terminated participant receive a QBAD?

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Secure 2.0 – Domestic Abuse Victim Distribution

Optional Provision

What is a Domestic Abuse Victim Distribution?

A qualified plan **may** allow a participant to take an in-service distribution due to being a domestic abuse victim. Domestic Abuse generally means physical, psychological, sexual, emotional, or economic abuse. The total amount that is eligible is the lesser of $10,000 or 50% of the vested account balance in the plan. This amount will be adjusted for inflation.

When is this **OPTIONAL** provision effective?

This type of distribution was created with Secure 2.0 and can be effective any time after the plan adopts an amendment for this provision **after 12/31/2023**. This provision is covered under the anti-cutback rules so once the plan adopts this provision, it must remain in the plan for any affected participants.

Rules related to a Domestic Abuse Victim Distribution?

The distribution to a Domestic Abuse Victim can be made to an individual during the one-year period beginning on any date on which the individual is a victim of domestic abuse by a spouse or domestic partner. The participant may certify that the distribution is an eligible distribution. This may be limited to only once during a participant's lifetime. This distribution is not an eligible rollover distribution so therefore is not subject to the mandatory withholding of 20%. It is subject to the optional 10% waivable withholding on nonperiodic distributions. The distribution is not subject to the 10% premature distribution tax. The amount provided to a participant can be repaid to the plan it came from or an IRA account of the participant within 3 years of receipt.

Sponsor Responsibilities:

- Decision on whether to allow or not allow for a distribution from your plan specifically for Domestic Abuse Victims
- Notify participants of the availability of these types of distributions.
- Help any participant with the repayment of the distribution, if desired.

Possible Document Changes:

- If the decision is to allow Domestic Abuse Distribution
  - Which accounts/sources are available?
  - Does the participant need to be fully vested in the accounts?
  - Can a terminated participant receive one?

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Secure 2.0 – Qualified Disaster Recovery Distribution

Optional Provision

What is a Qualified Disaster Recovery Distribution?

A qualified plan **may** allow a participant to take an in-service distribution due to a disaster occurring after January 26, 2021. A Qualified Disaster Recovery Distribution means a distribution, up to $22,000, made within 180 days of the first day of the incident period of a qualified disaster and to an individual whose principal residence is located in the qualified disaster area and who has sustained an economic loss by reason of such qualified disaster.

When is this **OPTIONAL** provision effective?

This type of distribution was created with Secure 2.0 and can be effective any time after the plan adopts an amendment for this provision. This provision is covered under the anti-cutback rules so once the plan adopts this provision, it must remain in the plan for any affected participants.

Rules related to a Qualified Disaster Recovery Distribution:

This withdrawal is limited to $22,000 per disaster and the participant's primary residence must be listed on the FEMA website. The distribution can also be spread over 3 tax years as income for the participant. This distribution is not an eligible rollover distribution so therefore is not subject to the mandatory withholding of 20%. It is subject to the optional 10% waivable withholding on nonperiodic distributions. The distribution is not subject to the 10% premature distribution tax. The amount provided to a participant can be repaid to the plan it came from or an IRA account of the participant within 3 years of receipt.

Sponsor Responsibilities:

- Decision on whether to allow or not allow for a distribution from your plan specifically for a Qualified Disaster.
- Notify participants of the availability of this type of distribution.
- Help any participant with the repayment of the distribution, if desired.

Possible Document Changes:

- If the decision is to allow for Qualified Disaster Recovery Distributions
  - Which accounts/sources are available?
  - Does the participant need to be fully vested in the accounts?
  - Can a terminated participant receive one?

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Secure 2.0 – Match on Student Loan Payment

Optional Provision

What is an Employer Matching Contribution?

An Employer Matching Contribution is any employer contribution that is made to a defined contribution retirement plan specifically on account of any contribution made by a participant of the same plan. This can be calculated/deposited due to an employee's voluntary after-tax contributions or any 401(k) plan salary deferrals.

When is this **OPTIONAL** provision effective?

Beginning in 2024, the regulations now allow Employer Matching Contributions to be made to the Plan based on Qualified Student Loan Payments, as though they were deferrals. This would not be an additional match to matching on deferrals to the plan, but in place of instead. The rate of match must be the same as applies to deferrals and the match must vest as rapidly as the match on deferrals.

What is a Qualified Student Loan Payment?

This is a payment made by an employee in repayment for a qualified education loan incurred by the employee to pay qualified higher education expenses, but only to the extent such repayment does not exceed the 402(g)-limit reduced by the amount of actual deferrals for the year.

There is currently NO Guidance on how this is tracked for calculation purposes or how to confirm loan payments are enough to maximize the match or how this is fully tested inside the retirement plan.

Sponsor Responsibilities:

- Decision on whether to allow or not allow for Employer Matching Contributions to made on account of participants student loan payments.
- Notify participants of the availability of this type of Employer Contribution.
- Help any participants with the reporting and recordkeeping of such payments.

Possible Document Changes:

- If the decision is to allow for Employer Matching based on Qualified Student Loan Payments
  - How is that to be reported to you?
  - When will such payments be made to the plan?
  - What happens in the case of a terminated participant during the year?

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Secure 2.0 – Emergency Personal Expense Distribution

Optional Provision

What is "Emergency Personal Expense Distribution"?

A qualified plan **may** allow a participant to take a hardship type distribution for the purposes of meeting unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses. Participants are allowed not more than one Emergency Personal Expense Distribution per calendar year and the amount cannot exceed the lesser of $1,000 or 100% of the vested balance over $1,000.

When is this **OPTIONAL** provision effective?

This type of distribution was created with Secure 2.0 and can be effective any time after the plan adopts an amendment for this provision **after 12/31/2023**.

Rules related to an Emergency Personal Expense Distribution?

The plan may rely on an employee's written certification that the employee satisfies the conditions of the distribution unless there is actual knowledge to the contrary. This distribution is not an eligible rollover distribution so therefore is not subject to the mandatory withholding of 20%. The distribution is not subject to the 10% premature distribution tax. The amount provided to a participant can be repaid to the plan it came from or an IRA account of the participant. If a distribution is treated as an Emergency Personal Expense Distribution in any calendar year, no amount may be treated as such during the immediately following 3 calendar years unless the previous distribution is fully repaid to the plan OR the employee contributions to the plan after the distribution is at least equal to the amount of the distribution which has not been repaid.

Sponsor Responsibilities:

- Decision on whether to allow or not allow for Emergency Personal Expense Distributions.
- Notify participants of the availability of these types of distributions.
- Help any participant with the repayment of the distribution, if desired.

Possible Document Changes:

- If the decision is to allow Emergency Personal Expense Distribution
  - Which accounts/sources are available?
  - Does the participant need to be fully vested in the accounts?
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Secure 2.0 – Pension-Linked Emergency Savings Accounts

Optional Provision

What is a Pension-Linked Emergency Savings Account (PLESA)?

A qualified plan **may** allow for a new contribution type called Pension-Linked Emergency Savings Account (PLESA). These accounts will enable employees to build up a small savings account which can be withdrawn as needed.

When is this **OPTIONAL** provision effective?

This new type of contribution was created with Secure 2.0 and can be effective any time after the plan adopts an amendment for this provision **after 12/31/2023**.

Rules related to a PLESA:

The plan must separately account for PLESA balances. Highly Compensated Employees are NOT eligible to establish a PLESA or contribute to it. PLESA ROTH contributions will be made through payroll withholding and the employer may either offer to enroll employees or automatically enroll them. The automatic enrollment rate can be more than 3%, but employees can select a different rate. The regulations limit the account to $2,500 at any time. If the employer matches elective deferrals in the plan, the employer must match PLESA contribution at the same rate. PLESA must allow participants to make withdrawals entirely at the participant's discretion for any reason. The plan can only restrict distributions to one per month. Money must be held as cash in an interest-bearing account. There also can't be a charge to the participant for the first four withdrawals from this account each plan year, however plan sponsors will incur a charge.

Outstanding Questions:

- Does the contribution to the PLESA count against the 402(g)-deferral limit?
- Does the account limit of $2,500 mean actual contributions during a year or the actual balance?
- Does this account impact any Hardship withdrawal feature within the plan?
- What is the process of turning the contribution on or off when limits are reached?
- What is the process of turning the contribution on or off when withdrawals are taken?
- Are there any tax implications on ROTH money being distributed before the 5-year clock is reached?
- What restrictions can be put in place to prevent participants from contributing to PLESA merely to get the employer match followed by an immediate withdrawal?

At this point, IRPS is strongly recommending that this type of account NOT be added to your retirement plan. Create a program like this, without all the regulations, outside of the plan, using a provider that specializes in Emergency Savings Accounts.

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Secure Act 2.0 – Enhanced Catch-Up Contributions

Optional Provision

What is a *Catch-Up* Contribution?

A retirement plan **may** allow a *catch-up* eligible participant to make *catch-up* contributions to the plan. C*atch-Up* contributions are contributions that exceed either the Statutory Deferral Limit, any Employer-provided plan limit, or the Actual deferral percentage (ADP) limit each year up to a certain amount. In 2023, the maximum *Catch-Up* contribution in a 401(k) plan is $7,500 (this amount increases periodically with the cost of living).

Who is a *Catch-Up* Eligible Participant?

An employee that is eligible to make elective deferrals under their retirement plan **AND** the employee is or will be age 50 on or before the end of the tax year.

New **OPTIONAL** Provision:

Effective 01/01/2025, an enhanced Catch-Up Contribution provision was added to the regulations but is only available for a limited time. It will only apply to Plan Years in which the participant turns age 60 through age 63 (maximum of 4 Plan Years). The contribution is equal to 150% of the regular catch-up contributions allowed in that Plan Year. For example, if the catch-up amount is $7,500, a participant who is between ages 60 and 63 can increase their catch-up contribution to $11,250 for that year. In the Plan Year they turn age 64, catch-up amount would return to the normal catch-up amount. It should be a function of payroll to turn this feature on and off, but you will need to check with your Payroll Provider to confirm they are able to do this.

Sponsor Responsibilities:

- Discuss with your payroll provider which employees would be affected by this new provision.
- Discuss with your payroll provider the ability to handle this feature.
- Discuss the new requirement with all affected employees to determine which employees wish to implement this new regulation.
- Monitor Payroll during the year for these employees so that all catch-up contributions are deferred as ROTH deferrals.
- Update Payroll with any document changes.

Possible Document Changes:

- Amendment to the plan is required to allow for this enhanced catch-up provision.

Please contact Integrity Retirement Plan Services for information or if you wish to change your plan.

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06/2023

Secure 2.0 – Qualified Long-Term Care Distributions

Optional Provision

What is a Qualified Long-Term Care Distribution?

A qualified plan **may** allow a participant to take an in-service distribution after December 26, 2025, for the lesser of the amount paid by the employee during the taxable year for Certified Long-Term Care Insurance, an amount equal to 10% of the present value of the vested accrued benefit of the employee or $2,500 (as adjusted for inflation).

When is this **OPTIONAL** provision effective?

This type of distribution was created with Secure 2.0 and can be effective any time after the plan adopts an amendment for this provision **after 12/26/2025**. This provision may be covered under the anti-cutback rules so once the plan adopts this provision, it must remain in the plan for any affected participants.

Rules related to a “Certified Long-Term Care Insurance”:

The term “Certified Long-Term Care Insurance” means a qualified long-term care insurance contract covering qualified long-term care services, coverage of the risk that an insured individual would become a chronically ill individual under a rider, and coverage of qualified long-term care services under a rider or other provision of an insurance or annuity contract. The coverage must provide meaningful financial assistance in the event the insured needs home-based or nursing home care. Coverage is not deemed to provide meaningful financial assistance unless benefits are adjusted for inflation or consumer protections are provided. The distribution must be includable in Income. A premium statement must be provided by the issuer and filed with the plan.

Sponsor Responsibilities:

- Decision on whether to allow or not allow for a distribution from your plan specifically for Certified Long-Term Care Insurance.
- Notify participants of the availability of these types of distributions.
- Help any participant with obtaining the premium statement.

Possible Document Changes:

- If the decision is to allow Qualified Long-Term Care Distribution
  - Which accounts/sources are available?
  - Does the participant need to be fully vested in the accounts?
  - Can a terminated participant receive one?

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Secure 2.0 – Employer Contributions as ROTH

Optional Provision

What is an Employer Contribution as ROTH?

A qualified plan **may** permit employees to elect that employer matching or non-elective contributions be made as ROTH contributions for tax purposes. A participant making such an election will owe income tax on the contributions but will avoid tax on "qualified distributions" of both principal and income.

What is a "Qualified Distribution"?

A "qualified distribution" is one that is made after the age of 59.5, upon death, or due to a disability but only after the participant has had or is deemed to have had a ROTH account in the plan for at least five years.

When is this **OPTIONAL** provision effective?

This NEW type of contribution was created with Secure 2.0 and can be effective any time after the plan adopts an amendment for this provision **after 12/31/2022**.

Outstanding Issues/Questions:

- Does your plan currently allow for ROTH Employer Contributions which are different from ROTH deferrals?
- Does your Recordkeeper allow for this type of money source on their system and when will programming changes be completed?
- Guidance is needed on if ROTH Employer contributions in non-401(k) plan will even be allowed.
- Guidance is needed on how an employee is taxed on ROTH Employer Contribution, using what vehicle, and how it will be reported.
- Guidance is needed on how and when taxes are paid to the IRS.
- Guidance is needed on how a participant makes such an election. Can the election be made for only a portion of the money? What about unvested money – how is that handled?
- Does your payroll system currently allow for this type of contribution? When will the programming changes needed for this be completed so taxes are correctly determined?
- Are there any tax implications on ROTH money being distributed before the 5-year clock is reached?

At this point, IRPS is strongly recommending that this type of provision NOT be added to your retirement plan right now. While we wait for guidance, consider adding the ability to convert your current vested plan balance to a ROTH Rollover account called an In-Plan ROTH Rollover or In-Plan ROTH Transfer.

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08/2023

Secure 2.0 – RMD Changes

Generally, retirement plan accounts are tax deferred, but not forever. At a certain age, every retirement plan owner or participant must begin to receive annual taxable distributions or "required minimum distributions" (RMDs) from their plan. The amount of any RMD depends on the size of the account and the life expectancy of the account owner/participant. The RMD rules essentially address when and how a retirement plan **must** provide this distribution to the account owner/participant. Secure Act 1.0 changed a participant's RMD age from age 70.5 to 72, and changed the period over which beneficiaries may receive payments to no more than 10 years after death.

What RMD changes were made by Secure 2.0?

The income tax liability for RMDs is NOT borne by the Plan Administrator or the Plan Sponsor but by the individual account owner or participant or beneficiary. Therefore, an owner/participant/beneficiary must ensure that they withdraw and pay income tax on the correctly calculated RMD and continue annually. The excise tax for failure to withdraw the full RMD has been reduced from 50% to 25% with Secure 2.0. Additionally, the RMD beginning age has been raised and will continue to go up in stages. These changes are effective January 1, 2024, and good faith interpretation is allowed before then.

- Through Year 2019 – RMD age 70.5
- For 2020 – 2022 – RMD age 72
- For 2023 – 2032 – RMD age 73
- Beginning January 1, 2033 – RMD age 75

RMD's from ROTH Accounts?

Currently, when a retirement plan calculates the RMD amount, the entire account balance is considered in the calculation. With Secure 2.0, beginning with the 2024 calendar year, the calculation will no longer consider the ROTH sources of money. This aligns the RMD rules applicable to retirement plans with those applicable to IRA accounts. Guidance has NOT been provided for a participant that is currently receiving RMD's that has a ROTH source and if a change to the calculation is allowed.

Inherited Retirement Accounts

For defined contribution plan participants who die after 12/31/2019, the entire balance of the deceased account must be distributed within 10 years on an ongoing basis. Although this is not a complete list, a few exceptions include a surviving spouse, a young child, and a disabled person. This new rule applies regardless of the age of the deceased account owner at the time of death.

Due to the complexity of this issue, individual circumstances should be reviewed by your tax advisor.

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