

SECURE ACT 2.0 AT-A-GLANCE

2023-24 KEY PROVISIONS FOR PLAN SPONSORS TO CONSIDER

Below is a high-level summary of key provisions that Plan Sponsors may want to consider right now. While many of the provisions contained in Secure Act 2.0 will be available for implementation over the next several years, these provisions are available for implementation during the 2023 and 2024 plan years.

Please note that not all changes are mandatory and retirement plans may differ. In the event this differs from your plan, the plan document will govern.

2023

- New exclusions to the 10% early withdrawal penalty
 - Qualified disaster
 - Qualified birth or adoption
 - Terminal illness
- RMDs increased to age 73 and gradually increased until capped at age 75 in 2033.
- RMD excise tax reduced from 50% to 25%.
- Small business start-up tax credit increased to 100% if less than 50 employees.
- Small business tax credit max of \$1,000 per employee and gradually reduces over 5 years; full credit available for employers with less than 50 employees.

2024

- If earning more than \$145,000, employee catch-up contributions must be Roth.
- Employer may match student loan payments.
- No RMD for Roth 401(k)s and 403(b)s.
- Retirement savings lost and found national database.
- New exclusions to the 10% early withdrawal penalty
 - Emergency distribution of \$1,000
 - Domestic abuse

Your LPL advisor is always available to discuss these provisions in greater detail, along with the implications for your plan and employees. In addition, please consult with your recordkeeper partner for more information on how they plan to address implementation and communicate with participants.

Sources: <https://www.congress.gov/bill/117th-congress/house-bill/2471>

https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

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