



SECURE 2.0 Act—cheat sheet

From the Field

March 2024



What happened

In December 2022, President Joe Biden signed into law the “Consolidated Appropriations Act, 2023,” which included a major package of retirement savings provisions known as the SECURE 2.0 Act (commonly known as SECURE 2.0).

Potential impact

SECURE 2.0 is a meaningful step toward the retirement security of all Americans to help improve individuals’ ability to save for retirement, expand access to retirement plans, and ease plan administration for employers.

Our commitment

T. Rowe Price supported many of the SECURE 2.0 provisions that advance retirement security.

We continue to help our clients implement the provisions that have gone into effect and are closely monitoring the impact of SECURE 2.0 as we work with institutions, employers, and financial professionals to help individuals achieve their best retirement outcomes.

We also recognize that more retirement legislation is needed, and we will continue to engage legislators and policymakers in the future. In addition, we are working with trade associations and regulators as they propose rules to implement the SECURE 2.0 provisions.

Highlights

SECURE 2.0 includes provisions that:

- Enable matching contributions for student loan payments
- Enable plans to include emergency savings accounts
- Encourage automatic enrollment and automatic contribution increases
- Increase the catch-up contribution limit
- Permit older workers to save more and stay invested longer
- Allow simplified disclosures
- Provide new and enhanced credits for small businesses sponsoring plans

See the following pages for a summary of key provisions and their effective dates.

Key provisions

Provisions in effect

Section	Description	Effective Date
Section 102 Modification of credit for small employer pension plan start-up costs	Increases the start-up credit from 50% to 100% for employers with up to 50 employees. Additional credit provided based on employer contribution.	Taxable years after December 31, 2022
Section 107 Increase in age for required beginning date for mandatory distributions	Increases the required minimum distribution (RMD) age to 73 starting on January 1, 2023, and to 75 starting on January 1, 2033.	January 1, 2023, and January 1, 2033
Section 202 Qualifying longevity annuity contracts (QLAC)	Repeals the 25% limit and allows up to \$200,000 (indexed) to be used from an account balance to purchase a QLAC.	Effective for contracts purchased or received in an exchange on or after December 29, 2022
Section 302 Reduction in excise tax on certain accumulations in qualified retirement plans	Reduces the penalty for failure to take RMDs from 50% to 25%, with a further reduction to 10% if the RMD failure is corrected in a timely manner.	Taxable years after December 29, 2022
Section 305 Expansion of Employee Plans Compliance Resolution System (EPCRS)	Expands EPCRS to (1) allow inadvertent errors to be self-corrected within a "reasonable time" and (2) apply to inadvertent IRA errors.	Effective December 29, 2022; any required guidance shall be promulgated no later than two years after the date of enactment of this act
Section 307 Increase in qualified charitable distribution limitation	Indexes the current limit (up to \$100,000) for qualified charitable distributions (QCDs) to adjust for inflation.	Indexed distribution limits are effective for distributions in taxable years ending after the date of enactment
Section 311 Repayment of qualified birth or adoption distribution (QBAD) limited to three years	Amends the QBAD provision to restrict the recontribution period to three years for distributions made after enactment and to January 1, 2026, for distributions made prior to enactment.	Distributions made after December 29, 2022, and retroactively to effective date of the original SECURE Act for distributions prior to enactment
Section 331 Special rules for use of retirement funds in connection with qualified federally declared disasters	Provides permanent rules relating to the use of retirement funds in the case of a federally declared disaster.	Disasters occurring on or after January 26, 2021
Section 601 SIMPLE and SEP Roth IRAs	Allows SIMPLE IRAs to accept Roth contributions. Also allows employers to offer employees the ability to treat employee and employer SEP contributions as Roth (in whole or in part).	Taxable years after December 31, 2022

Note: Effective dates generally apply to taxable years or plan years, as applicable, beginning on or after the listed dates. Variations are noted in the effective date column.

Key provisions

Provisions in effect

Section	Description	Effective Date
Section 604 Optional treatment of employer matching or nonelective contributions as Roth contributions	Allows defined contribution plans to provide participants with the option of receiving matching and nonelective contributions on a Roth basis.	Effective for contributions made after December 29, 2022

Key provisions

Provisions that went into effect on January 1, 2024

Section	Description	Effective Date
Section 108 Indexing IRA catch-up limit	Indexes the catch-up limit for IRAs.	Taxable years beginning after December 31, 2023
Section 110 Student loan matching	Permits an employer to make matching contributions under a 401(k) plan, 403(b) plan, or SIMPLE IRA with respect to "qualified student loan payments."	Plan years beginning after December 31, 2023
Section 115 Penalty-free withdrawals for certain emergency expenses	Provides an exception to the early withdrawal penalty for distributions up to \$1,000 annually used for emergency expenses. A taxpayer has the option to repay the distribution within three years. For three calendar years following a distribution, an individual is restricted from taking additional distributions unless the original distribution is repaid or the individual makes contributions to their account equal to the amount of the distribution.	Distributions made after December 31, 2023
Section 126 Special rules for certain distributions from long-term qualified tuition programs to Roth IRAs	Allows for limited tax- and penalty-free rollovers from 529 accounts to Roth IRAs. Beneficiaries of 529 accounts would be able to roll over up to \$35,000 (lifetime limit) to their Roth IRA (subject to annual Roth IRA contribution limits) if the 529 account has been open for more than 15 years.	Effective with respect to distributions after December 31, 2023
Section 127 Emergency savings accounts linked to individual account plans	Provides employers the option to offer to their non-highly compensated employees pension-linked emergency savings accounts (PLESA). Contributions are treated as Roth and are prohibited once the portion of the PLESA account balance attributable to PLESA contributions meets or exceeds \$2,500 (indexed). Auto-enrollment and match are permitted, subject to conditions.	Plan years beginning after December 31, 2023
Section 314 Penalty-free withdrawals for victims of domestic abuse	Allows retirement plans to permit participants that self-certify that they experienced domestic abuse to withdraw up to the lesser of \$10,000 indexed (or 50% of the vested balance) within one year of incident without penalty. Penalty-free distributions also permitted from IRAs.	Distributions made after December 31, 2023

Key provisions

Provisions that went into effect on January 1, 2024

Section	Description	Effective Date
Section 325 Roth plan distribution rules	Eliminates pre-death RMDs from Roth accounts in employer plans.	Taxable years beginning after December 31, 2023 (Note: Change does not apply to distributions required with respect to years beginning before January 1, 2024, but payable on or after such date.)

Key provisions

Provisions effective by January 1, 2025

Section	Description	Effective Date
Section 101 Expanding automatic enrollment in retirement plans	Requires auto-enrollment and auto-escalation for all 401(k) and 403(b) plans (with certain exceptions for collective bargaining plans, church plans, and governmental plans, as well as plans established on or before December 29, 2022). The initial automatic enrollment amount is at least 3% but not more than 10%. Each year thereafter, that amount is increased by 1% until it reaches at least 10%, but not more than 15%.	Plan years beginning after December 31, 2024
Section 109 Higher catch-up limit to apply at ages 60, 61, 62, and 63	Increases catch-up limits to the greater of \$10,000 (\$5,000 for SIMPLE plans) or 50% more than the regular catch-up amount in 2025 for individuals who have attained ages 60, 61, 62, and 63. The increased amounts are indexed for inflation after 2025.	Taxable years beginning after December 31, 2024

Key provisions

Provisions effective by January 1, 2026

Section	Description	Effective Date
Section 603 Elective deferrals generally limited to regular contribution limit	Provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. An exception is provided for employees with wages of \$145,000 or less (indexed) in the prior year.	Taxable years beginning after December 31, 2025

Key provisions

Provisions effective by January 1, 2027

Section	Description	Effective Date
Section 103 Saver's Match	Changes the Saver's Credit (applicable to tax obligations) to a federal "match" deposited into a taxpayer's IRA or retirement plan that accepts such contributions; increases eligibility for the Saver's Match.	Taxable years beginning after December 31, 2026

Questions

Please contact your T. Rowe Price representative with questions about the key provisions in this cheat sheet or any other provisions included in SECURE 2.0.

Retirement is at the heart of what we do

Founded in 1937 and headquartered in Baltimore, MD, T. Rowe Price delivers investment excellence and retirement services for institutions, intermediaries, and individual investors. Two-thirds of our assets under management are in retirement, and one-quarter of our assets are in target date funds. We have over 40 years' experience as a recordkeeper, and we support 8,200 retirement plans and 2.3 million participants, as of December 31, 2023. We have veteran industry experts across the retirement spectrum, as well as dedicated retirement public policy experts who are closely engaged with legislators, regulators, and policy influencers.

RETIRE WITH CONFIDENCE®

T. Rowe Price focuses on delivering investment excellence and retirement services that institutional, intermediary, and individual investors can rely on—now and over the long term.

To learn more, please visit troweprice.com/retirementUS.

Important Information

This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; it is not individualized to the needs of any specific investor and not intended to suggest any particular investment action is appropriate for you, nor is it intended to serve as the primary basis for investment decision-making.

Any tax-related discussion contained in this material, including any attachments/links, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding any tax penalties or (ii) promoting, marketing, or recommending to any other party any transaction or matter addressed herein. Please consult your independent legal counsel and/or tax professional regarding any legal or tax issues raised in this material.

The views contained herein are as of the date written and are subject to change without notice; these views may differ from those of other T. Rowe Price associates.

This information is not intended to reflect a current or past recommendation concerning investments, investment strategies, or account types; advice of any kind; or a solicitation of an offer to buy or sell any securities or investment services. The opinions and commentary provided do not take into account the investment objectives or financial situation of any particular investor or class of investor. Please consider your own circumstances before making an investment decision.

Information contained herein is based upon sources we consider to be reliable; we do not, however, guarantee its accuracy.

Past performance is not a reliable indicator of future performance. All investments are subject to market risk, including the possible loss of principal. All charts and tables are shown for illustrative purposes only.

T. Rowe Price Investment Services, Inc., distributor, and T. Rowe Price Associates, Inc., investment adviser.

© 2024 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc. RETIRE WITH CONFIDENCE is a trademark of T. Rowe Price Group, Inc.