



SECURE Act 2.0: Key Changes for Your Retirement Planning

A Simple Guide to Understanding the Latest Retirement Rules

The Setting Every Community Up for Retirement Enhancement Act of 2022 (SECURE Act 2.0) brings several important updates to retirement savings rules. The United States Department of the Treasury and the Internal Revenue Service have issued final regulations that clarify these provisions. Here's an overview of the most significant changes and what they mean for your financial future.

Changes to Required Minimum Distributions (RMDs)

- **RMD Age Increased:** Starting in 2023, the age to begin taking RMDs from qualified retirement plans rose to 73. It will increase again to 75 in 2033.
- **RMD Penalties Reduced:** Missed RMD penalties dropped from 50% to 25%. If corrected quickly, the penalty is further reduced to 10%.
- **Roth RMD Exemption:** Employer-sponsored Roth accounts no longer require RMDs during the account owner's lifetime.

Enhanced Catch-Up Contributions

- **Super Catch-Up:** Workers ages 60 to 63 can contribute the greater of \$11,250 (adjusted for inflation) or 150% of the standard catch-up limit to employer-sponsored retirement plans.
- **Roth Requirement:** Employees making over \$150,000 in 2026 (indexed for inflation) must make catch-up contributions to a Roth account using after-tax dollars.

Expanded Access to Retirement Plans

- **Automatic Plan Enrollment:** New 401(k) and 403(b) plans must automatically enroll employees at a minimum 3% contribution unless they opt out.
- **Automatic Contribution Increases:** Plans with auto enrollment must increase contributions by at least 1% annually until reaching a set maximum, usually between 10% and 15%.



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- **Student Loan Matching:** Employers can match employees' student loan payments as retirement plan contributions.
- **Part-Time Employee Eligibility:** Employees working at least 500 hours for two consecutive years can join employer-sponsored retirement plans.
- **Roth Matching Contributions:** Employers may offer the choice of receiving matching contributions as pre-tax or after-tax (Roth) dollars.

Emergency Savings and Withdrawals

- **Emergency Savings Accounts:** Employers can add a pension-linked emergency savings account (PLESA) to retirement plans, letting non-highly compensated workers save up to \$2,600 per year for emergencies.
- **Disaster Relief Withdrawals:** Retirement plan participants may be eligible to take up to \$22,000 in penalty-free withdrawals for federally declared disaster expenses.

New Savings Opportunities

- **529 to Roth IRA Conversions:** Up to \$35,000 (lifetime maximum, subject to annual limits) of unused 529 plan assets can be transferred to a Roth IRA in the account beneficiary's name.
- **Saver's Match:** Beginning in 2027, the Saver's Credit will be replaced by a federal matching contribution of up to \$2,000 deposited directly into retirement accounts for low- and moderate-income workers.

These updates are designed to make saving for retirement easier and more flexible. If you have questions about how SECURE Act 2.0 affects your plans, consider speaking with a financial advisor for personalized guidance.