

# 10 Things To Know About the SECURE 2.0 Act

The SECURE 2.0 Act contains more than 90 provisions; we've summarized the 10 most impactful ones below.

- 1.** **Mandates automatic enrollment in retirement plans:** 401(k) and 403(b) plans are now required to automatically enroll eligible participants unless employees opt out. The initial automatic enrollment deferral is at least 3% but no more than 10%. Each year the amount increases by 1% until it reaches at least 10%, but not more than 15%.<sup>1</sup>
- 2.** **Simplifies and increases the Saver's Match:** The Act converts the saver's credit to a refundable match for IRAs and retirement plans. The match is 50% of the contribution up to \$2,000 and applies to those with incomes of \$41,000–\$71,000 (filing joint return), and \$20,500–\$35,500 (single taxpayers).
- 3.** **Raises the age to begin mandatory distributions:** The Act increases the required minimum distribution age to 73 on January 1, 2023, then further increases it to 75 on January 1, 2033.
- 4.** **Indexes the IRA catch-up limit:** Under current law, the limit on IRA contributions increased by \$1,000 for individuals who have attained age 50. Effective January 1, 2024, the \$1,000 catch-up limit will be indexed for inflation.
- 5.** **Allows higher catch-up contributions after age 60:** Currently, employees who are 50 and older can make catch-up contributions to retirement plans. For 2023, the catch-up contribution is \$7,500, (\$3,500 for SIMPLE plans). Beginning in 2025, the limits will increase for individuals age 60–63 to the greater of \$10,000 or 50% more than the regular catch-up amount. The new limits will be indexed for inflation after 2025.
- 6.** **Expands Roth treatments:** All catch-up contributions to qualified retirement plans will be treated as Roth contributions, except for employees with compensation of \$145,000 or less (indexed for inflation). Defined contribution plans can give participants the option to receive matching contributions as Roth contributions.
- 7.** **Allows small financial incentives for contributing:** To motivate participants to contribute to a 401(k) plan, employers can offer de minimis financial incentives, such as low-dollar gift cards, as long as they are not paid for with plan assets.
- 8.** **Introduces starter 401(k) plans:** Employers with no retirement plan can now offer a starter 401(k) plan. This plan generally requires default enrollment of all employees at a deferral rate of 3% to 15%. The limit on annual deferrals would be the same as the IRA contribution limit, which is \$6,500 for 2023 with an additional \$1,000 in catch-up contributions beginning at age 50.
- 9.** **Establishes matching contributions for student loans:** For 401(k), 403(b), or SIMPLE IRA plans, employers can treat student loan payments as elective deferrals for the purpose of matching contributions. The match must be the same as for participant deferrals, and the employer can rely on an employee certification of payment.
- 10.** **Modifies the credit for small employer pension plan startup costs:** Beginning in 2023, the start-up credit will increase from 50% to 100% of administrative costs for employers with up to 50 employees.
  - Excluding defined benefit plans, an additional credit is provided equal to the applicable percentage of the amount contributed by the employer on behalf of employees, up to \$1,000 per employee. The full additional credit is limited to employers with 50 or fewer employees, and is phased out for employers with between 51 and 100 employees.
  - The applicable percentage is 100% in the first and second years, 75% in the third year, 50% in the fourth year, and 25% in the fifth year.

**For more information about the SECURE 2.0 Act,  
please talk to your financial professional and tax professional.**

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Source: U.S. Government Publishing Office, "Consolidated Appropriations Act, 2023"

<sup>1</sup> There is an exception for small businesses with 10 or fewer employees, new businesses (i.e., those that have been in business for less than 3 years), church plans, and governmental plans.

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