SECURE 2.0 Act of 2022
Summary of Major Provisions

Item	*IRC Sec.* *Act Sec.*	*Effective Date*	*New Law*	*Prior Law*
Access to Retirement Plans				
Annual Plan Notices	414(bb) 320	Plan years beginning after 12/31/22	Employers are no longer required to provide certain intermittent ERISA or Code notices to unenrolled participants who have not elected to participate in a workplace retirement plan. However, the plan is required to send (1) an annual reminder notice of the participant's eligibility to participate in the plan and any applicable election deadlines, and (2) any otherwise required document requested at any time by the participant. This rule applies only with respect to an unenrolled participant who received the summary plan description, in connection with initial eligibility under the plan, and any other notices related to eligibility under the plan required to be furnished.	Employees eligible to participate in a retirement plan are required to receive a broad array of notices that are intended to inform them of their various options and rights under the plan. In the case of eligible employees who have not elected to participate in the plan (unenrolled participants), these notices—such as notices regarding the different investment options available under the plan—are generally unnecessary and can even have adverse effects on savings and coverage.
Automatic Portability Transactions	4975(d)(25), 4975(f)(12) 120	Transactions occurring after 12/29/23	A retirement plan service provider is permitted to provide employer plans with automatic portability services. Such services involve the automatic transfer of a participant's default IRA (established in connection with a distribution from a former employer's plan) into the participant's new employer's retirement plan, unless the participant affirmatively elects otherwise.	An employer is permitted to distribute a participant's account balance without participant consent if the balance is under $5,000 and the balance is immediately distributable (for example, after a termination of employment). Current law also requires an employer to roll over this distribution into a default IRA if the account balance is at least $1,000 and the participant does not affirmatively elect otherwise.
Credit for Small Employer Pension Start-Up Costs	45E(e)(2), 45E(e)(4), 45E(f) 102	Tax years beginning after 12/31/22	The credit is increased from 50% to 100% for employers with 50 employees or less. The credit also includes a percentage of employer contributions made during the first five years of the plan's existence. This component of the credit is capped at $1,000 per employee and can only be computed for employees making $100,000 or less (indexed for inflation after 2023). The applicable percentage is 100% in the first and second tax years, 75% in the third year, 50% in the fourth year, and 25% in the fifth year. This component of the credit is phased out for employers with 51–100 employees.	A credit equal to 50% of qualified start-up costs is available for small employers (those with 100 employees or less) that establish a new retirement plan. The credit is limited to the lesser of (1) $250 per eligible employee or (2) $5,000. The minimum credit is $500. The credit is available for the first three years of the plan's existence.
Credit for Small Employer Pension Start-Up Costs Multiple Employer Plans	45E(d)(3)(A) 111	Tax years beginning after 12/31/19	Employers joining a Multiple Employer Plan (MEP) are eligible for the credit for the first three years after they join, regardless of how long the MEP has been in existence.	For MEPs, the credit is only available for the first three years of the MEP's existence.
Domestic Employees	4972(c)(6)(B) 118	Tax years beginning after 12/29/22	Employers of domestic employees (for example, household workers such as nannies) may also provide retirement benefits for these employees under a Simplified Employee Pension (SEP).	Employers of domestic employees may provide retirement benefits for these employees under a SIMPLE IRA or SIMPLE 401(k) plan.

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SECURE 2.0 Act of 2022
Summary of Major Provisions (Continued)

Item	*IRC Sec.* *Act Sec.*	*Effective Date*	*New Law*	*Prior Law*
Access to Retirement Plans (Continued)				
Expanded Automatic Enrollment	414A 101	Plan years beginning after 12/31/24	Requires that 401(k) and 403(b) plans automatically enroll participants upon becoming eligible [that is, the plans must meet the requirements of an Eligible Automatic Contribution Arrangement (EACA) under IRC Sec. 414(w)(3)]. The plans also must: 1) Allow permissible withdrawals within 90 days after the first elective contribution. 2) Provide for automatic contributions unless the participant elects out. 3) Follow certain DOL investment rules if the participant makes no investment election. The initial automatic enrollment amount is at least 3% but not more than 10%. Each following year the amount is increased by 1% until it reaches at least 10%, but not more than 15%. Does not apply to plans established before 12/29/22, SIMPLE plans, governmental and church plans, and plans maintained by new businesses (in existence less than three years) or small businesses with 10 employees or less.	Defined contribution plans can be designed to automatically enroll employees at a predetermined contribution percentage unless the employee opts out or elects a different percentage. This feature is intended to increase participation in the plan.
Financial Incentives for Plan Contributions	401(k)(4)(A), 403(b)(12)(A) 113	Plan years beginning after 12/29/22	Employers may offer *de minimis* financial incentives, not paid for with plan assets, such as low-dollar gift cards, to boost employee participation in workplace retirement plans.	Employers may provide matching contributions as a long-term incentive for employees to contribute to a 401(k) plan. However, immediate financial incentives (like gift cards in small amounts) are prohibited even though individuals may be especially motivated by them to join the plan.
Multiple Employer 403(b) Plans	403(b)(15) 106	Plan years beginning after 12/31/22	403(b) plans (except church plans) are allowed to participate in Multiple Employer Plans (MEPs), including related relief so that the violations of one employer do not affect the tax treatment of employees of compliant employers.	MEPs provide an opportunity for small employers to band together to obtain more favorable retirement plan investment results and more efficient and less expensive management services.
Part-Time Employees	401(k)(2)(D), 403(b)(12)(D) 125	Plan years beginning after 12/31/24	The service requirement for part-time employees has been reduced from three years to two years. These rules also apply to 403(b) plans that are subject to ERISA.	Part-time employees who have worked for an employer at least 500 hours per year for three consecutive years, and who meet the minimum age requirement (age 21) by the end of the three-year period, are generally eligible to participate in a 401(k) plan.

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SECURE 2.0 Act of 2022 Summary of Major Provisions (Continued)				
Item	***IRC Sec. Act Sec.***	***Effective Date***	***New Law***	***Prior Law***
Access to Retirement Plans (Continued)				
Pension-Linked Emergency Savings Accounts	402A(e), ERISA Sec. 801 127	Plan years beginning after 12/31/23	Employers may offer non-highly compensated employees a pension-linked emergency savings account. Employers may automatically opt employees into these accounts with a contribution rate of no more than 3% of the employee's salary (unless the employee chooses a lower percentage or opts out). The portion of an account attributable to the employee's contribution is capped at $2,500 (or lower as set by the employer). Contributions are made on a Roth-like basis and are treated as elective deferrals for purposes of matching contributions with an annual matching cap of $2,500. The employee may take withdrawals at least monthly, and at separation from service, may take their account as cash or roll it into their Roth defined contribution plan or Roth IRA.	N/A
Pooled Employer Plans	ERISA Sec. 3 105	Plan years beginning after 12/31/22	A Pooled Employer Plan may designate a named fiduciary (other than an employer in the plan) to collect contributions to the plan. The fiduciary would be required to implement written contribution collection procedures that are reasonable, diligent, and systematic.	N/A
Retroactive Deferrals for Sole Proprietors	401(b)(2) 317	Plan years beginning after 12/29/22	A sole proprietor with no other employees who establishes a 401(k) plan after the close of the tax year may make an elective deferral to the plan by the unextended due date for filing their individual tax return and treat the deferral as being made in the plan's initial year.	An employer may adopt a qualified plan after the close of a tax year, but before the due date for filing their tax return, and treat the plan as having been established as of the last day of the tax year. Employer contributions can be made up to the due date for filing the tax return. However, an employee's elective deferrals must be made by December 31. No elective deferrals are permitted in the initial year of a plan that is established after the close of the tax year.
Starter 401(k) Plans and Safe Harbor 403(b) Plans	401(k)(16), 403(b)(16) 121	Plan years beginning after 12/31/23	A new starter 401(k) or safe harbor 403(b) deferral-only plan is available for employers who don't currently offer a retirement plan. Employee contributions are limited to $6,000 annually (indexed for inflation after 2024), plus $1,000 in catch-up contributions for employees age 50 and over (indexed for inflation after 2023). No employer matching or nonelective contributions are allowed. Plans are subject to other requirements, such as automatic enrollment at a 3% to 15% of compensation deferral rate, but streamlined rules mean that these plans are generally less costly and less burdensome to administer than traditional 401(k) plans.	A 401(k) plan is a profit-sharing plan that allows eligible employees to make elective deferrals up to $22,500 for 2023, plus $7,500 in catch-up contributions for employees age 50 and over. Employers may also make discretionary contributions to the employees' accounts. A 403(b) plan provides similar benefits for employees of tax-exempt organizations and public schools. Complex administration rules make these types of plans costly and burdensome for some small employers, prohibiting them from providing the benefit to their employees.

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SECURE 2.0 Act of 2022 Summary of Major Provisions (Continued)				
Item	***IRC Sec. Act Sec.***	***Effective Date***	***New Law***	***Prior Law***
Access to Retirement Plans (Continued)				
Surviving Spouse Election for Employee Treatment	401(a)(9)(B) 327	Calendar years beginning after 12/31/23	If an employee dies before required minimum distributions (RMDs) begin under an employer-provided qualified retirement plan, a surviving spouse that is the sole beneficiary may elect to be treated as the employee for purposes of the RMD rules. Thus, distributions will be based on the RMD rules as if the surviving spouse is the plan participant. If the surviving spouse dies before the distributions begin, the surviving spouse is treated as the employee for purposes of determining the distribution period. The election is irrevocable without IRS consent.	If an employee dies before RMDs begin under an employer-provided qualified retirement plan and the surviving spouse is the sole beneficiary, distributions can only be deferred until December 31 of the year in which the participant would have reached the beginning age for RMDs (or the year after the year in which the participant dies, if later). However, the surviving spouse can roll eligible distributions from the retirement account into an IRA and elect to treat the IRA as their own to receive a more favorable distribution period.
Top-Heavy Test	416(c)(2)(C) 310	Plan years beginning after 12/31/23	An employer is allowed to perform the top-heavy test separately on the non-excludable and excludable employees. This removes the financial incentive to exclude employees from the 401(k) plan and increase retirement plan coverage to more workers.	Qualified retirement plans must pass the top-heavy test, in addition to other nondiscrimination tests. Plans that are deemed top-heavy are required to provide employees with a minimum of a 3%-of-pay nonelective contribution. Other nondiscrimination tests that apply to 401(k) plans allow an employer to test otherwise excludable employees (for example, those who are under age 21 and have less than 1 year of service) separately. This separate testing is not allowed for the top-heavy test.
Individual Retirement Accounts (IRAs) and Qualified Retirement Plans				
Catch-Up Contributions Subject to Roth Treatment	414(v)(7) 603	Tax years beginning after 12/31/23	Catch-up contributions *must* be treated as designated Roth contributions for participants with wages over $145,000 in the preceding year (indexed for inflation after 2024). This applies to all 401(k), 403(b), and 457(b) plans, regardless of whether the plan previously permitted Roth contributions.	An eligible participant in a defined contribution plan under IRC Sec. 401(k), 403(b), or 457(b) can make elective deferrals to the plan, including catch-up contributions for participants age 50 or older. Elective deferrals are generally made on a pre-tax basis. But, if the plan permits, participants may elect to designate a portion of their elective deferrals as "designated Roth contributions" to be made on an after-tax basis. These contributions must be maintained by the plan in a separate Roth account.
Credit for Military Spouses	45AA 112	Tax years beginning after 12/29/22	Small employers with 100 or less employees are eligible for a credit for each military spouse who starts participating in a defined contribution plan. The credit is equal to the amount of employer contributions to the plan (capped at $300 per person) plus $200. The credit is available for the year participation begins and the two years after. The credit doesn't apply to highly compensated employees.	N/A

SECURE 2.0 Act of 2022
Summary of Major Provisions (Continued)

Item	*IRC Sec.* *Act Sec.*	*Effective Date*	*New Law*	*Prior Law*
Individual Retirement Accounts (IRAs) and Qualified Retirement Plans (Continued)				
Disability-Related First Responder Retirement Payments	139C 309	Tax years beginning after 12/31/26	First responders (law enforcement officers, firefighters, paramedics, and emergency medical technicians) may exclude from gross income certain service-related disability pension or annuity payments after they reach retirement age.	N/A
Hardship Withdrawal Distribution Conditions	401(k)(14)(C) 312	Plan years beginning after 12/29/22	Under certain circumstances, employees are permitted to self-certify that they have had an event that constitutes a hardship for purposes of taking a hardship withdrawal.	N/A
Hardship Withdrawals from 403(b) Plans	403(b)(17) 602	Plan years beginning after 12/31/23	The 403(b) rules for hardship withdrawals conform to the 401(k) rules, allowing employee contributions, vested employer contributions, and earnings to be withdrawn.	The distribution rules for 401(k) and 403(b) plans are different in certain ways. For example, for 401(k) plans, all amounts are available for a hardship distribution. For 403(b) plans, in some cases, only employee contributions (without earnings) are available for hardship distributions.
Increase in Catch-Up Limit for Plan Participants Age 60–63	414(v)(2) 109	Tax years beginning after 12/31/24	Beginning in 2025, catch-up contributions are increased for individuals age 60–63. The annual dollar limit will increase to the greater of: • $10,000 ($5,000 for SIMPLE plans), indexed for inflation starting in 2026. • 50% more than the regular catch-up amount in 2024 (2025 for SIMPLE plans).	Catch-up contributions are permitted for defined contribution plans under IRC Sec. 401(k), 403(b), or 457(b) for participants age 50 or older. The annual dollar limit for catch-up contributions for 2023 is $7,500 ($3,500 for SIMPLE plans).
IRA Catch-Up Limit	219(b)(5)(C) 108	Tax years beginning after 12/31/23	Beginning in 2024, the IRA catch-up contribution amount will be indexed for inflation.	Individuals age 50 and over are permitted to make a catch-up contribution of $1,000 annually to their IRA. The catch-up contribution amount is not currently indexed for inflation.
Mandatory Distributions	401(a)(31)(B), 411(a)(11)(A) 304	Distributions made after 12/31/23	The dollar limit is increased from $5,000 to $7,000.	An employer may transfer a former employee's retirement account from a workplace retirement plan into an IRA if the balance is between $1,000 and $5,000.
Partial Annuitization	Regulations under several Code sections 204	12/29/22	The account owner is permitted to elect to aggregate distributions from both portions of the account for purposes of determining required minimum distributions (RMDs).	Tax-preferred retirement accounts that hold an annuity are required to bifurcate the account between the portion of the account holding the annuity and the rest of the account for purposes of applying the RMD rules. This treatment may result in higher minimum distributions than would have been required if the account did not hold an annuity.
Qualified Charitable Distributions (QCDs)	408(d)(8) 307	Distributions made in tax years beginning after 12/29/22	The $100,000 Qualified Charitable Distribution (QCD) limit is indexed for inflation (after 2023). A one-time election to treat up to $50,000 of distributions to a *split-interest entity* as a QCD is allowed. A *split-interest entity* includes a charitable remainder annuity trust, charitable remainder unitrust, or charitable gift annuity.	Individuals age 70½ or over are allowed to make tax-free QCDs of up to $100,000 directly from their IRAs to a qualified public charity. QCDs count toward the individual's RMD for the year, but are not included in their income or allowed as a charitable deduction.

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SECURE 2.0 Act of 2022
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Item	IRC Sec. Act Sec.	Effective Date	New Law	Prior Law
Individual Retirement Accounts (IRAs) and Qualified Retirement Plans (Continued)				
Qualifying Longevity Annuity Contracts (QLACs)	Regs. 1.401(a)(9)-6, 1.408-8 202	Contracts executed on or after 12/29/22	The amount of the participant's account balance that can be used to purchase a Qualifying Longevity Annuity Contract (QLAC) is increased to $200,000 (indexed for inflation) and the 25% limit is repealed. For contracts purchased on or after 7/2/14, the new law also facilitates the sale of QLACs with spousal survival rights and clarifies that a 90 day "free look" period is permitted under which the employee may rescind the purchase of the contract. The Treasury Secretary must update the relevant regulations by 6/29/24.	QLACs are generally deferred annuities that begin payment at the end of an individual's life expectancy. When purchased within a retirement plan, the value of the QLAC may be excluded from the account balance to determine RMDs. The portion of the participant's account balance used to purchase a QLAC must not exceed the lesser of 25% of the account balance or $155,000 (for 2023).
Repayment of Qualified Birth or Adoption Distributions (QBADs)	72(t)(2)(H)(v) 311	Repayments made after 12/29/22 and retroactively to the 3-year period beginning on the day after the date on which distribution was received	The QBADs provision is amended to restrict the recontributions period to three years. This alleviates the problem of allowing someone who took a QBAD to recontribute the distribution more than three years later and amend their return to receive a refund for the taxes that were paid in the year of the withdrawal. (The problem existed under prior law because IRC Sec. 6511 prevents a refund from being provided to a taxpayer after the period of limitations for the return has closed, which is generally a three-year period.)	The SECURE Act of 2019 included a provision allowing individuals to receive QBADs from their retirement plan in the case of birth or adoption without paying the 10% additional tax. The distributions can be recontributed to a retirement plan at any time and are treated as rollovers.
Required Minimum Distributions (RMDs)	401(a)(9)(C) 107	Distributions required to be made after 12/31/22 to taxpayers who reach age 72 after that date	The applicable age for an individual to begin taking RMDs is increased to— • Age 73 for an individual who reaches age 72 after 12/31/22. • Age 75 for an individual who reaches age 74 after 12/31/32.	Individuals must begin taking RMDs from qualified retirement plans and annuity contracts by April 1 following the year in which they attain age 72 (or retire, if later, for certain plans).
Rollover from 529 Account to Roth IRA	529(c)(3)(E), 529(d), 408A(c)(3), 408A(c)(5), 408A(e)(1) 126	Distributions made after 12/31/2023	Beneficiaries of a 529 account that has been open for more than 15 years can make a rollover to a Roth IRA in their name without tax or penalty. Annual Roth contribution limits apply, but the contribution limit based on the taxpayer's AGI is waived. Rollovers cannot exceed $35,000 over the beneficiary's lifetime, nor can the rollover exceed the aggregate amount contributed to the 529 account (plus earnings) more than five years before the distribution.	529 accounts offer individuals a tax-deferred option to fund future higher education costs. Nonqualified distributions that are not used to pay for qualified higher education expenses are subject to income taxes as well as a 10% additional tax (certain exceptions apply).
Roth Plan Distributions	402A(d)(5) 325	Tax years beginning after 12/31/23	RMD rules no longer apply to Roth designated retirement accounts. Does not apply to distributions required for tax years beginning before 1/1/24 that are permitted to be paid on or after that date.	The owner of a Roth IRA is not required to begin RMDs prior to their death. However, the owner of a Roth designated retirement account [for example, a Roth 401(k)] is subject to the same RMD rules that otherwise apply to the employer plan.

SECURE 2.0 Act of 2022 Summary of Major Provisions (Continued)				
Item	***IRC Sec. Act Sec.***	***Effective Date***	***New Law***	***Prior Law***
Individual Retirement Accounts (IRAs) and Qualified Retirement Plans (Continued)				
Roth Treatment for Employer Matching and Nonelective Contributions	402A 604	Contributions made after 12/29/22	A 401(k), 403(b), or 457(b) plan may allow a participant to designate some or all matching and nonelective contributions as designated Roth contributions. This applies to the extent the employee is fully vested in the contributions.	Plan sponsors are not permitted to provide employer matching contributions in their 401(k), 403(b), and 457(b) plans on a Roth basis. Matching contributions must be made on a pre-tax basis only. Participants can only designate a portion of the elective deferrals as designated Roth contributions made on an after-tax basis.
Saver's Match (formerly Saver's Credit)	6433, 6211(b)(4) 103	Tax years beginning after 12/31/26	Eligible individuals will receive the credit as a 50% matching contribution on up to $2,000 of IRA or other retirement plan contributions. The matching contribution will be deposited into their IRA or other retirement plan account. The matching percentage phases out for joint filers with Modified Adjusted Gross Income (MAGI) between $41,000 and $71,000 ($30,750 to $53,250 for HOH; $20,500 to $35,500 for all other filers; indexed for inflation). If the matching contribution is under $100, an election can be made to have the amount applied as a credit against the individual's income tax liability instead. The match is reduced for certain distributions received during the tax year, the two preceding years, and the subsequent year. Dependents, full-time students, nonresident aliens, and taxpayers under age 18 are not eligible.	A saver's credit of up to $1,000 is available for contributions or elective deferrals made to an IRA, retirement plan, or ABLE account. The credit is 50%, 20%, or 10% of the participant's annual contribution, depending on the participant's adjusted gross income. The maximum annual contribution eligible for the credit is $2,000. The credit percentage phases out for joint filers with MAGI for 2023 between $43,500 and $73,000 ($32,625 to $54,750 for HOH; $21,750 to $36,500 for all other filers).
SEP and SIMPLE Roth IRAs	402, 408, 408A 601	Tax years beginning after 12/31/22	Roth contributions may be made to Simplified Employee Pensions (SEPs) and SIMPLE IRAs.	SEP and SIMPLE retirement accounts are prohibited from being designated as a Roth IRA.
SIMPLE Plan Contribution Limits	401(k)(11), 408(p)(2), 408(p)(8), 414(v)(2) 116, 117	Tax years beginning after 12/31/23	Employers may make additional nonelective contributions to a SIMPLE plan. Contributions must be made in a uniform manner and may not exceed the lesser of up to 10% of compensation or $5,000 (indexed for inflation after 2024). Employee contribution limits are also increased. For employers with no more than 25 employees, annual elective deferral and catch-up contribution amounts are increased by 10% as compared to the limit that would otherwise apply. For employers with 26 to 100 employees, higher elective deferral limits are allowed if the employer contributes either 3% of compensation or 4% of an employee's elective deferrals.	SIMPLE plans can be offered by employers with 100 employees or less. Employer contributions are limited to either 2% of compensation or 3% of an employee's elective deferrals. Employees' annual elective deferrals for 2023 are limited to $15,500, plus catch-up contributions of $3,500 for participants age 50 and over.

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SECURE 2.0 Act of 2022 Summary of Major Provisions (Continued)				
Item	***IRC Sec. Act Sec.***	***Effective Date***	***New Law***	***Prior Law***
Individual Retirement Accounts (IRAs) and Qualified Retirement Plans (Continued)				
Student Loan Repayments Treated as Elective Deferrals for Matching Contributions	401(m)(4), 401(m)(13), 403(b)(12), 408(p)(2), 457(b) 110	Plan years beginning after 12/31/23	Employers may treat payments made by an employee in repayment of a qualified student loan as elective deferrals for purposes of matching contributions in their 401(k), 403(b), 457(b), or SIMPLE IRA plans. Employers may rely on an employee's certification of student loan repayments.	An employer with a defined contribution plan can make matching contributions based on an employee's elective deferrals to the plan.
Substantially Equal Periodic Payments (SEPPs)	72(q)(3), 72(t)(2), 72(t)(4) 323	Annuity distributions on or after 12/29/22 Transfers, roll-overs, and exchanges after 12/31/23	The SEPP exception continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments, or an annuity that satisfies the required minimum distribution (RMD) rules.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts, but an exception applies to SEPPs that are made over the account owner's life expectancy.
Withdrawals for Expenses Due to Terminal Illness	72(t)(2)(L) 326	Distributions made after 12/29/22	An exception to the 10% additional tax is provided for distributions to individuals with terminal illnesses. Distributions may be repaid within three years.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. Exceptions apply in certain circumstances.
Withdrawals for Long-Term Care Contracts	72(t)(2)(N), 401(a)(39) 334	Distributions made after 12/29/25	An exception to the 10% additional tax is provided for up to $2,500 (indexed for inflation after 2024) of distributions for the payment of premiums on certain long-term care insurance contracts for the employee or spouse. Only a policy that provides for high quality coverage is eligible. The distribution is limited to 10% of the participant's vested account balance. No repayment is allowed.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. Exceptions apply in certain circumstances.
Withdrawals For Personal or Family Emergency Expenses	72(t)(2)(I) 115	Distributions made after 12/31/23	An exception to the 10% additional tax is provided for any emergency personal expense distribution of up to $1,000 for meeting unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses. Only one distribution is allowed per year. The expenses may be repaid within three years. Further emergency distributions are disallowed in the subsequent three years unless the distribution is repaid.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. Exceptions apply in certain circumstances.
Withdrawals for Public Safety Employees	72(t)(10) 308, 329, 330	Distributions made after 12/29/22	The exception is expanded to public safety officers with at least 25 years of service with the employer sponsoring the plan. The exception also is expanded to include private sector firefighters and state and local government employees who provide services as corrections officers or as forensic security employees who provide for the care, custody, and control of forensic patients.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. An exception applies for distributions made to an employee age 55 or over after separation from service. In the case of a qualified public safety employee who receives distributions from a governmental plan, the age limit is reduced to 50. A public safety employee is any employee of a state or political subdivision who provides police protection, firefighting services, or emergency medical services.

SECURE 2.0 Act of 2022 Summary of Major Provisions (Continued)				
Item	***IRC Sec. Act Sec.***	***Effective Date***	***New Law***	***Prior Law***
Individual Retirement Accounts (IRAs) and Qualified Retirement Plans (Continued)				
Withdrawals for Qualified Disaster Recovery Expenses	72(p)(6), 72(t)(2)(M), 72(t)(8)(F), 72(t)(11), 402(c)(13) 331	Distributions, recontributions of withdrawals for home purchases, and plan loans with respect to disasters occurring on or after 1/26/21	An exception to the 10% additional tax is provided for up to $22,000 for qualified disaster recovery distributions made within 180 days of a federally declared disaster to an individual whose principal residence was in the disaster area and who sustained an economic loss from the disaster. Distributions are included in income ratably over a three-year period, but can be repaid within three years and not included in income. Additionally, amounts distributed prior to the disaster to purchase a home can be recontributed, and an employer is permitted to provide for a larger amount to be borrowed from a plan by affected individuals and for additional time for repayment of plan loans owed by affected individuals.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. Exceptions apply in certain circumstances.
Withdrawals for Victims of Domestic Abuse	72(t)(2)(K) 314	Distributions made after 12/31/23	An exception to the 10% additional tax is provided for up to $10,000 (indexed for inflation) of distributions to self-certified domestic abuse victims. The distribution is limited to 50% of the participant's vested account balance. A participant has the opportunity to repay the distribution over three years and will be refunded the income taxes on money that is repaid.	A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. Exceptions apply in certain circumstances.
Other Provisions				
ABLE Accounts Age Requirement	529A(e) 124	Tax years beginning after 12/31/25	The age requirement has been increased from age 26 to age 46.	States may establish tax-exempt ABLE programs to assist persons who are disabled or blind. Under pre-Act law, the disability or blindness must have occurred before age 26.
Deferral of Tax on Sale of S Corporation Stock to an Employee Stock Ownership Plan (ESOP)	1042(c)(1)(A), 1042(h) 114	Sales after 12/31/27	The deferral provision is expanded to include S corporation stock; however, the deferral is limited to 10% of the amount realized (taking into account the allocable portion of adjusted basis in the stock).	An individual owner of stock in a non-publicly traded C corporation that sponsors an ESOP can elect to defer the recognition of gain from the sale of such stock to the ESOP if the proceeds are reinvested in qualified replacement property within the replacement period. After the sale, the ESOP must own at least 30% of the employer corporation's stock.
Employee Plans Compliance Resolution System (EPCRS)	N/A 305	12/29/22, with EPCRS revisions by IRS to be made no later than 12/29/24	The IRS's Employee Plans Compliance Resolution System (EPCRS) is expanded to (1) allow more types of errors to be corrected internally through self-correction, (2) apply to inadvertent IRA errors, and (3) exempt certain failures to make RMDs from the otherwise applicable excise tax.	The EPCRS includes three programs: the Self-Correction Program (SCP), the Voluntary Correction Program (VCP), and the Audit Closing Agreement Program (Audit CAP). Only SCP allows for self-correction without IRS approval. SCP is only available for qualified plans, 403(a) and (b) plans, SEPs, and SIMPLE IRA plans.

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Item	*IRC Sec. Act Sec.*	*Effective Date*	*New Law*	*Prior Law*
Other Provisions (Continued)				
High-Deductible Health Plans (HDHPs) Telehealth Exception	223(c)(2)(E) 4151 of the Consolidated Appropriations Act, 2023	Plan years beginning after 12/31/22 and before 1/1/25	The exception for telehealth and remote care services has been extended.	To be eligible for a Health Savings Account (HSA), a taxpayer must be covered by an HDHP and cannot have any non-HDHP coverage. An HDHP may not provide benefits, except for preventative care, until the deductible for the year is met. Legislation during the COVID pandemic provided an exception that allowed telehealth and other remote care services to be provided by an HDHP before the minimum deductible was satisfied without violating HSA eligibility rules. This exception was effective through 12/31/22.
Qualified Conservation Easement Contributions	170(f)(19), 170(h)(7) 605	Contributions made after 12/29/22	The deduction for a qualified conservation contribution made by a partnership, S corporation, or other pass-through entity is disallowed if the amount of the contribution exceeds 2.5 times the sum of each partner's/shareholder's relevant basis in the entity. Exceptions apply for certain contributions (1) made outside a three-year holding period, (2) made to preserve certified historic structures, and (3) made by family-owned entities.	The IRS has identified certain syndicated conservation easement transactions involving pass-through entities as listed transactions carrying a high potential for tax avoidance. In these transactions, promoters offer potential investors in pass-through entities the possibility of a charitable deduction that significantly exceeds the amount invested.
Penalties				
Elimination of 10% Early Withdrawal Additional Tax for Corrective Distributions	72(t)(2)(A) 333	For any determination of tax, interest, or penalties made on or after 12/29/22	The 10% additional tax does not apply to distributions of excess contributions (and related earnings) from an IRA that are distributed by the due date of the tax return (including extensions).	A 6% excise tax is imposed on excess contributions to an IRA. Excess contributions are contributions that exceed the allowable amount for the year. To avoid the excise tax, excess contributions plus related earnings must be withdrawn from the IRA by the due date (including extensions) of the return for the year the excess contribution was made. A 10% additional tax is imposed on early distributions from tax-preferred retirement accounts received before age 59½. The withdrawal of excess contributions may be subject to the 10% additional tax unless an exception applies.
Reduced Penalty for Failing to Take Required Minimum Distributions (RMDs)	4974(a), 4974(e) 302	Tax years beginning after 12/29/22	The excise tax for failing to take an RMD is reduced from 50% to 25% of the shortfall. If the failure is corrected in a timely manner, the tax is reduced from 25% to 10%.	An excise tax of 50% is imposed on any shortfall if the amount distributed from an individual's qualified retirement plan (including IRAs) or qualified deferred compensation plan is less than the RMD for the year.