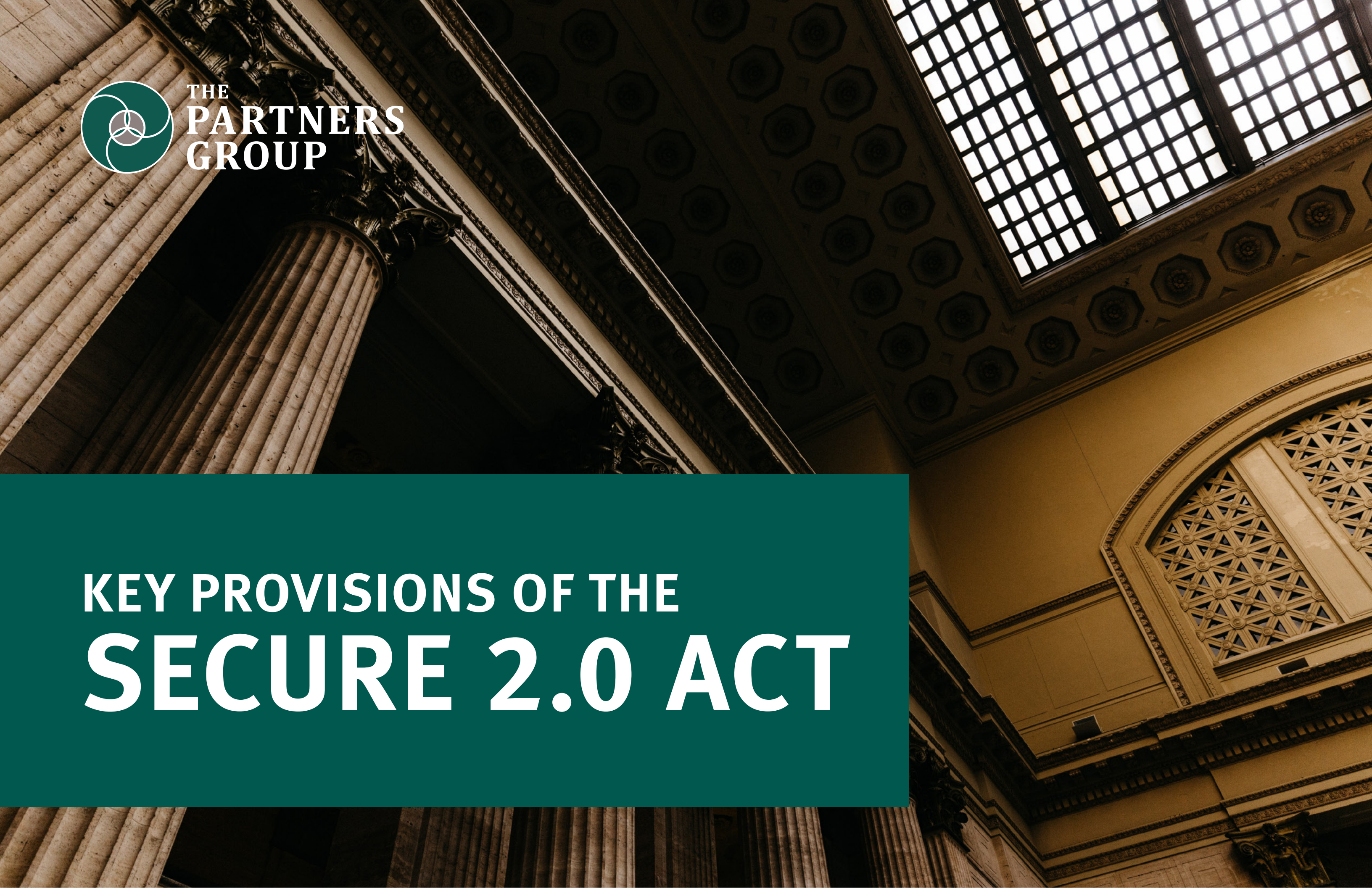

KEY PROVISIONS OF THE SECURE 2.0 ACT

THE SECURE 2.0 ACT
HOW WILL IT IMPACT YOU?

The Setting Every Community Up for Retirement Enhancement Act (SECURE Act) was passed in December 2019. The act included many provisions aimed to increase access to tax-advantaged accounts and to help prevent older Americans from outliving their savings. The recent passing of the SECURE 2.0 Act expands upon the original SECURE act with additional changes to our retirement savings systems.

Provisions in Secure 2.0 Act have the potential to affect your personal financial situation. Some of the features are effective immediately, while others will become effective over the next couple of years.

This may sound overwhelming, but TPG is here to help. We have highlighted some of the major changes that may influence how you plan for your financial future. Additionally, we have broken down these changes by their effective dates. Read on to see how and when these key provisions of the Secure 2.0 Act will come into play. (See reverse for details.)

THE SECURE 2.0 ACT
KEY PROVISIONS

EFFECTIVE IMMEDIATELY:

- The RMD (required minimum distribution) age increased to 73 and will increase further to age 75 in 2033.
- The penalty for missed RMDs decreased to 25% of the RMD amount (down from 50% previously) and 10% if corrected in a timely manner for IRAs.

EFFECTIVE IN 2024:

- Requirement for employees age 50+ *and* earning over $145k ***in the prior tax year*** to fund their retirement plan catch-up contribution as Roth.*
- Beneficiaries of 529 plans can roll over to a Roth IRA account. Roth IRA annual contribution limits apply, with a $35,000 lifetime cap; the 529 account must be open at least 15 years prior to rollover.*
- Creation of a retirement account lost and found database to search for unclaimed, vested retirement benefits – deadline for reporting is 2026 at the earliest.
- Ability for surviving spouses to elect and be treated as the deceased employee for the purposes of beginning and continuing RMDs.
- RMDs from Roth balances within a qualified plan will no longer be required.

EFFECTIVE IN 2025:

- Catch-up contributions for defined contribution plans will increase to 150% of the regular annual catch-up limit for those age 60–63. For all other ages, the catch-up contribution will remain at the IRS declared limit for the plan year.

RETIREMENT PLAN CHANGES (2024):

- *Employers can provide matching contributions to a defined contribution plan (401k, 403b, etc.) on employee student loan payments.*
- *Employees will be allowed to take a $1,000 penalty-free distribution from their retirement plan, with the option to pay it back within three years.*
- *Emergency savings "sidecar" available to defined contribution plans; allows non-highly compensated employees to save up to $2,500 after-tax to a separate account within the retirement plan.*

Note: All features in italics are optional and not required. To implement them, a plan sponsor would need to adopt the feature(s) in the company's retirement plan.

OTHER NOTABLE OUTCOMES OF SECURE 2.0:

- Simplifies plan disclosures
- Encourages automatic enrollment and automatic contribution increases to retirement plans
- Provides new and enhanced credits for small businesses' sponsoring plans

*Additional conditions apply. Consult your financial professional for details.

Have questions? Reach out to our consultants.