

SECURE Act 2.0 of 2022, Division T of The Consolidated Appropriations Act

Became law 12/29/2022



<p>Section 101 Requires 401(k) and 403(b) plans to automatically enroll participants upon becoming eligible (employees may opt out).</p>	<p>Eligible Automatic Contribution Arrangement (EACA)</p> <p>Year 1 enrollment amount is at least 3% up to 10%. Year 2-8 deferral amount is increased by 1% until it reaches at least 10%, but not more than 15%.</p> <p>Participants may opt out or elect another percentage</p> <p>Exceptions:</p> <ul style="list-style-type: none"> • All current 401(k)s and 403(b)s grandfathered • Businesses with 10 or fewer employees • Businesses in existence for less than 3 years • Church plans • Governmental plans 	<p>Effective for plan years after 12/31/2024</p> <p>Mandatory</p>								
<p>Section 102 Modifications to small employer plan startup costs</p>	<ul style="list-style-type: none"> ▪ Increases the startup credit from 50% to 100% for employers with up to 50 employees ▪ Additional credit for defined contribution only with 50 or fewer employees <ul style="list-style-type: none"> ○ A percentage of the amount contributed by the employer on behalf of employees, up to a per-employee cap of \$1,000. ○ Phased out for employers with between 51 and 100 employees ○ Years Credit <table style="margin-left: 20px;"> <tr><td>1-2</td><td>100%</td></tr> <tr><td>3</td><td>75%</td></tr> <tr><td>4</td><td>50%</td></tr> <tr><td>5</td><td>25%</td></tr> </table> <p>SEP, SIMPLE and 401(k) Prior rules still apply for those with 51-100 employees</p>	1-2	100%	3	75%	4	50%	5	25%	<p>Effective for taxable years beginning after 12/31/2022</p>
1-2	100%									
3	75%									
4	50%									
5	25%									
<p>Section 103 Saver's Match Repeals and replaces the credit for IRA and retirement plan contributions, with a federal matching contribution deposited into a taxpayer's IRA or retirement plan</p>	<p>The match is 50% of IRA or retirement plan contributions up to \$2,000 per individual. The match phases out between \$41,000 and \$71,000 in the case of taxpayers filing a joint return (\$20,500 to \$35,500 for single taxpayers and married filing separate; \$30,750 to \$53,250 for head of household filers).</p>	<p>Effective for taxable years beginning after 12/31/2026.</p>								

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<p>Section 104 Promotion of Saver's Match</p>	<ul style="list-style-type: none"> • Increase public awareness of the Saver's Match to increase use of the match by low- and moderate-income taxpayer make clear that the Saver's Match cannot be withdrawn without incurring penalties • Repayment to the Treasury Department in some cases where the Saver's Match is withdrawn from an IRA before retirement • Taxpayers will have an election to designate a retirement account to receive the repaid Saver's Match. 	<p>Treasury Secretary must report to Congress on the Treasury Department's anticipated promotion efforts no later than 7/1/2026.</p>
<p>Section 105 Pooled employer plan (PEP) modification</p>	<ul style="list-style-type: none"> • A PEP may designate a named fiduciary (other than an employer in the plan) to collect contributions to the plan • Fiduciary would be required to implement written contribution collection procedures that are reasonable, diligent, and systematic. 	<p>Effective for plan years beginning after 12/31/2022.</p>
<p>Section 106 Multiple employer 403(b) plans</p>	<p>Allows 403(b) plans to participate in MEPs and PEPs, including relief from the one bad apple rule so that the violations of one employer does not affect the tax treatment of employees of compliant employers.</p>	<p>Effective for plan years beginning after 12/31/2022</p>
<p>Section 107 Increase in age for required beginning date (RBD) for required minimum distributions (RMDs)</p>	<p>Increases the RMD age to 73 starting on 1/1/2023 – and increases the age further to 75 starting on 1/1/2033.</p>	<p>Effective 1/1/2023 for age 73 Effective 1/1/2033 for age 75</p> <p>Mandatory</p>
<p>Section 108 Indexing IRA catch-up limit</p>	<p>Indexes for cost-of-living adjustments the \$1,000 catch-up contribution</p>	<p>Effective for taxable years beginning after 12/31/2023</p>
<p>Section 109 Higher catch-up limits for retirement plans to apply at age 60, 61, 62, and 63</p>	<ul style="list-style-type: none"> • Increases these limits to the greater of \$10,000 or 50% more than the regular catch-up amount in 2025 for individuals who have attained ages 60, 61, 62 and 63 • Increased amounts are indexed for inflation after 2025 	<p>Effective for taxable years beginning after 12/31/2024.</p>

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<p>Section 110 Treatment of qualified student loan payments (QSLPs) as elective deferrals for purposes of matching contributions</p>	<ul style="list-style-type: none"> • Permits an employer to make matching contributions under a 401(k) plan, 403(b) plan, governmental 457(b) or SIMPLE IRA with respect to QSLPs • A QSLP is a payment toward any indebtedness incurred by the employee to pay qualified higher education expenses of the employee • For nondiscrimination testing of elective contributions, plans may test separately the employees who receive matching contributions on QSLPs 	<p>Effective for contributions made for plan years beginning after 12/31/2023.</p>
<p>Section 111 Application of credit for small employer pension plan startup costs to employers which join an existing plan</p>	<ul style="list-style-type: none"> • Ensures the startup tax credit is available for 3 years for employers joining a MEP or PEP, regardless of how long the MEP has been in existence 	<p>Effective retroactively for taxable years beginning after 12/31/2019.</p>
<p>Section 112 Military spouse retirement plan eligibility credit for small employers</p>	<ul style="list-style-type: none"> • Small employers get a tax credit for their defined contribution plans if they (1) make military spouses immediately eligible for the plan within two months of hire, (2) upon plan eligibility, make the military spouse eligible for any matching or nonelective contribution that they would have been eligible for otherwise at 2 years of service, and (3) make the military spouse 100% immediately vested in all employer contributions. • The tax credit equals the sum of (1) \$200 per military spouse, and (2) 100% of all employer contributions (up to \$300) made on behalf of the military spouse, for a maximum tax credit of \$500. • This credit applies for 3 years with respect to each military spouse • Does not apply to highly compensated employees. • An employer may rely on an employee's certification that such employee's spouse is a member of the uniformed services. 	<p>Effective for taxable years beginning after 12/29/2022</p>
<p>Section 113 Small immediate financial incentives for plan contributions</p>	<ul style="list-style-type: none"> • Enables employers to offer de minimis financial incentives (e.g., gift cards), not paid for with plan assets, to boost employee deferrals in 401(k) and 403(b) plans 	<p>Effective for plan years beginning after 12/29/2022</p>

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<p>Section 114 1042 Stock Exchanges for S Corporations with Employee Stock Ownership Plans (ESOPs)</p>	<ul style="list-style-type: none"> • An individual owner of stock in a non-publicly traded S corporation that sponsors an ESOP may elect to defer the recognition of gain from the sale of such stock to the ESOP if the seller reinvests the sales proceeds into qualified replacement property, such as stock or other securities issued by a U.S. operating corporation. • After the sale, the ESOP must own at least 30% of the employer corporation's stock. • A 10% limit on the deferral to sales of employer stock to S corporation ESOPs 	<p>Effective for sales made after 12/31/2027</p>
<p>Section 115 Withdrawals for certain emergency expenses</p>	<ul style="list-style-type: none"> • An exception to the 10% early distribution penalty for certain distributions used for emergency expenses, which are unforeseeable or immediate financial needs relating to personal or family emergency expenses. • Only one distribution is permissible per year of up to \$1,000 • A taxpayer has the option to repay the distribution within 3 years. • No further emergency distributions are permissible during the 3-year repayment period unless repayment occurs. 	<p>Effective for distributions made after 12/31/2023.</p>
<p>Section 116 Allow additional nonelective contributions to SIMPLE plans</p>	<ul style="list-style-type: none"> • Permits an additional employer contribution to SIMPLE IRA plan participants of 10% of compensation up to \$5,000 (indexed) • 	<p>Effective for taxable years beginning after 12/31/2023</p>
<p>Section 117 Contribution limit for SIMPLE IRA and SIMPLE 401(k) plans</p>	<ul style="list-style-type: none"> • Increases the annual deferral limit and the catch-up contribution at age 50 by 10% in the case of an employer with 25 or fewer employees • An employer with 26 to 100 employees would be permitted to provide higher deferral limits, but only if the employer either provides a 4% matching contribution or a 3% 	<p>Effective for taxable years beginning after 12/31/2023</p> <p>Secretary of Treasury shall report to Congress on data related to SIMPLE IRAs by 12/31/2024, and annually thereafter</p>
<p>Section 118 Tax treatment of certain nontrade or business SEP IRA contributions</p>	<ul style="list-style-type: none"> • Permits employers of domestic employees (e.g., nannies) to provide SEP IRA contributions 	<p>Effective for taxable years beginning after 12/29/2022</p>

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<p>Section 119 IRC Sec. 415 annual pension benefit limit for certain employees of rural electric cooperatives</p>	<ul style="list-style-type: none"> • Eliminates the compensation-based limit for participants who are non-highly compensated employees in rural electric cooperative retirement plans • The 100% of the participant's average compensation will no longer apply • 2023 limit \$265,000 	<p>Effective for limitation years ending after 12/29/2022</p>
<p>Section 120 Exemption for certain automatic portability transactions following cash outs</p>	<ul style="list-style-type: none"> • Following plan cash outs of \$1,000 or more to default IRAs, permits retirement plan service providers to automatically transfer participants default IRAs (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 	<p>Effective for transactions occurring on or after the date which is 12 months after 12/29/2022</p>
<p>Section 121 Starter 401(k) or 403(b) plans for employers with no retirement plan</p>	<ul style="list-style-type: none"> • Permits an employer without a retirement plan to offer a starter 401(k) plan (or safe harbor 403(b) plan). • Plan must require that all employees are automatically enrolled at a deferral rate of 3 to 15% of compensation. • Deferrals limited to the annual IRA contribution limit (i.e., \$6,500 for 2023, plus \$1,000 in catch-up contributions for age 50 and older) 	<p>Effective for plan years beginning after 12/31/2023</p>
<p>Section 122 Assist States in locating owners of applicable savings bonds</p>	<ul style="list-style-type: none"> • The Treasury Secretary is required to share certain information with a state that relates to an applicable savings bond registered to an owner with a last known or registered address in that state. • The state is permitted to use that information to locate the registered owner in accordance with the state's standards for recovery of abandoned property. • The Treasury Secretary must develop guidance to carry out the proper disclosure and protection of such information • The Treasury Secretary also is required to submit to the Senate Appropriations and Finance Committees and House Appropriations and Ways and Means Committees an annual report assessing its efforts to provide states with information on unclaimed savings bonds. 	<p>Effective on the 12/29/2022</p>

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<p>Section 123 Certain securities treated as publicly traded in case of employee stock ownership plans.</p>	<ul style="list-style-type: none"> • Updates certain ESOP rules related to whether a security is a “publicly traded employer security” and “readily tradeable on an established securities market • Will allow highly regulated companies with liquid securities that are quoted on non-exchange markets to treat their stock as “public” for ESOP purposes, thus making it easier for these companies to offer ESOPs to their U.S. employees. • Allows certain non-exchange traded securities to qualify as “publicly traded employer securities” so long as the security is subject to priced quotations by at least four dealers on a Securities and Exchange Commission-regulated interdealer quotation system, is not a penny stock and is not issued by a shell company, and has a public float of at least 10% of outstanding shares. • For securities issued by domestic corporations, the issuer must publish annual audited financial statements. • Securities issued by foreign corporations are subject to additional depository and reporting requirements. 	<p>Effective for plan years beginning after 12/31/2027</p>
<p>Section 124 Higher age requirement for certain individuals for qualified ABLE programs</p>	<ul style="list-style-type: none"> • Increases the age (Changing from age 26 to age 46) by which blindness or disability must occur for an individual to be eligible for an ABLE program 	<p>Effective for taxable years beginning after 12/31/2025</p>
<p>Section 125 Improving coverage for part-time workers</p>	<ul style="list-style-type: none"> • Reduces the 3-year eligibility rule to 2 years for long-term, part-time employees • Provides that pre-2021 service is disregarded for vesting purposes, just as such service is disregarded for eligibility purposes under current law, effective as if included in the SECURE Act to which the amendment relates. • Extends the long-term part-time coverage rules to 403(b) plans that are subject to ERISA 	<p>Effective for plan years beginning after 12/31/2024</p> <p>Mandatory provision</p>

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<p>Section 126 Special rules for certain distributions from long-term qualified tuition programs to Roth IRAs</p>	<ul style="list-style-type: none"> • During their lifetimes, beneficiaries of 529 college savings accounts may rollover up to \$35,000 from their 529 accounts to their Roth IRAs • Rollovers are subject to Roth IRA annual contribution limits, • 529 accounts must have been open for more than 15 years 	<p>Effective with respect to distributions after 12/31/2023</p>
<p>Section 127 Optional emergency savings accounts for Nonhighly Compensated Employees (nonHCEs) in individual account plans</p>	<ul style="list-style-type: none"> • Employers may offer nonHCEs pension-linked emergency savings accounts • Optional auto-enroll at 3% with contribution capped at \$2,500 (or lower at employer's discretion) • Contributions are made on a Roth-like basis • Treated as elective deferrals for match; match capped at \$2,500 (or lower at employer's discretion) • Additional contributions above the cap can be directed to designated Roth account or stopped until balance drops below the cap • First four withdrawals from each plan year may not be subject to any fees or charges • At separation from service, employees may take their emergency savings accounts as cash or roll them to their designated Roth accounts or IRAs 	<p>Effective for plan years beginning after 12/31/2023.</p>
<p>Section 128, 403(b) plans and group trusts</p>	<ul style="list-style-type: none"> • Permit 403(b) custodial accounts to participate in group trusts with other tax-preferred savings plans and IRAs 	<p>Effective 12/29/2022</p>



Title II—Preservation of Income

<p>Section 201 Remove required minimum distribution barriers of life annuities</p>	<ul style="list-style-type: none"> Eliminates certain barriers to the availability of life annuities in qualified plans and IRAs that arise under current law due to an actuarial test in the required minimum distribution regulations 	<p>Effective for calendar years ending after the 12/29/2022.</p>
<p>Section 202 Qualifying longevity annuity contracts</p>	<ul style="list-style-type: none"> Repeals the 25% limit and allows up to \$200,000 (indexed) of an account balance to be used to purchase a QLAC Facilitates the sales of QLACs with spousal survival rights Clarifies that free-look periods are permitted up to 90 days with respect to contracts purchased or received in an exchange on or after July 2, 2014 	<ul style="list-style-type: none"> Effective for contracts purchased or received in an exchange on the 12/29/2022 The Treasury Secretary must update the relevant regulations within 18 months of the date of enactment
<p>Section 203 Insurance-dedicated exchange-traded funds</p>	<ul style="list-style-type: none"> Facilitates the creation of a new type of ETF that is “insurance-dedicated” Outdated Treasury Department regulations have prevented ETFs from being widely available through individual variable annuities 	<ul style="list-style-type: none"> Effective for segregated asset account investments made on or after 7 years after the 12/29/2022 Directs the Treasury Secretary to update the relevant regulations by that time
<p>Section 204 Eliminating penalty on partial annuitization with RMDs</p>	<ul style="list-style-type: none"> When a tax-preferred retirement account holds an annuity and cash, permits the account owner to elect to aggregate RMDs from the annuity portion and cash portion of the account 	<ul style="list-style-type: none"> Effective on the 12/29/2022. The Treasury Secretary is to update the relevant regulations accordingly.

Title III – Simplification and Clarification of Retirement Plan Rules

<p>Section 301 Recovery of retirement plan overpayments</p>	<ul style="list-style-type: none"> Allows retirement plan fiduciaries to decide not to recoup retiree overpayments If plan fiduciaries choose to recoup overpayments, limitations and protections apply Rollovers of the overpayments remain valid 	<ul style="list-style-type: none"> Effective on the 12/29/2022 Plan fiduciaries may proceed with respect to determinations made prior to 12/29/2022 to seek or not to seek recovery of overpayments Mandatory
<p>Section 302 Reduction in excise tax on certain accumulations in qualified retirement plans</p>	<ul style="list-style-type: none"> Reduces the penalty for failure to take required minimum distributions (RMDs) from 50 to 25% If a failure to take an RMD from an IRA is corrected in a timely manner the excise tax on the failure is further reduced from 25 to 10% for taxpayers who take the RMD before the earlier of 1) an IRS audit or 2) the second year after the year the excise tax was imposed 	<p>Effective for taxable years beginning after the date of enactment</p>

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<p>Section 303 Retirement savings lost and found.</p>	<ul style="list-style-type: none"> Creates a national online searchable lost and found database for Americans' retirement plans at the Department of Labor (DOL) 	<p>Directs the creation of the database no later than 2 years after the date of enactment</p> <p>Mandatory</p>
<p>Section 304 Updating dollar limit for mandatory plan cash outs</p>	<ul style="list-style-type: none"> Increases the plan cash out limit from \$5,000 to \$7,000 	<p>Effective for distributions made after 12/31/2023</p>
<p>Section 305 Expansion of Employee Plans Compliance Resolution System (EPCRS)</p>	<ul style="list-style-type: none"> Expands EPCRS to (1) allow more types of errors to be corrected internally through self-correction (e.g., certain plan loan errors) (2) apply to inadvertent IRA errors, and (3) exempt certain failures to make required minimum distributions from the otherwise applicable excise tax 	<p>Effective on the date of enactment</p>
<p>Section 306 Eliminate the "first day of the month" election requirement for governmental 457(b) plans</p>	<ul style="list-style-type: none"> Allows changes to deferral elections at any time prior to the date that the compensation being deferred is available, rather than prior to the beginning of the month of deferral change 	<p>Effective for taxable years beginning after the date of enactment</p>
<p>Section 307 One-time election for IRA qualified charitable distribution (QCD) to split-interest entity and increased QCD limit</p>	<ul style="list-style-type: none"> Expands IRA QCD to allow for a one-time, \$50,000 distribution to charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts Indexes for inflation the annual IRA QCD limit of \$100,000 	<p>Effective for distributions made in taxable years ending after the date of enactment</p>
<p>Section 308 Distribution to firefighters</p>	<ul style="list-style-type: none"> Extends the age 50 rule for early distributions for qualified public safety employees to private sector firefighters 	<p>Effective for distributions made after the date of enactment</p>
<p>Section 309 Exclusion of certain disability-related first responder treatment payments.</p>	<ul style="list-style-type: none"> Permits first responders to exclude service-connected disability pension payments from gross income after reaching retirement age. 	<p>Effective for amounts received in taxable years beginning after 12/31/2026</p>
<p>Section 310 Application of top-heavy rules to defined contribution plans covering excludable employees</p>	<p>Allows an employer to perform the top-heavy test separately on the non-excludable and excludable employees</p>	<p>Effective for plan years beginning after 12/31/2023</p>

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<p>Section 311 Repayment of qualified birth or adoption distribution limited to 3 years.</p>	<p>Amends the QBAD provision to restrict the recontribution period to 3 years</p>	<p>Effective for distributions made after the date of the enactment of this Act and retroactively to the 3-year period beginning on the day after the date on which such distribution was received</p> <p>Mandatory</p>
<p>Section 312 Employer may rely on employee certifying deemed hardship distribution conditions are met</p>	<p>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</p>	<p>Effective for plan years beginning after the date of enactment</p>
<p>Section 313 Individual retirement plan statute of limitations for excise tax on excess contributions and failure to take RMDs</p>	<p>Provides that a 3-year period of limitations begins when the taxpayer files an individual tax return (Form 1040) for the year of the violation, except in the case of excess contributions, in which case the period of limitations runs 6 years from the date Form 1040 is filed. There is a further exception from this 6-year rule for taxes that arise out of a bargain sale to the IRA.</p>	<p>Effective on the date of enactment</p>
<p>Section 314 Penalty-free withdrawal from retirement plans for individual case of domestic abuse.</p>	<ul style="list-style-type: none"> • Permits participants who self-certify they experienced domestic abuse to withdraw the lesser of \$10,000 (indexed) or 50% of their retirement plans • The distribution is not subject to the 10% tax on early distributions • A participant may repay the withdrawn money from the retirement plan over 3 years and will be refunded for income taxes on money that is repaid 	<p>Effective for distributions made after 12/31/2023</p>
<p>Section 315 Reform of family attribution rule</p>	<ul style="list-style-type: none"> • Updates two stock attribution rules. • First the law updates inequities where spouses with separate businesses reside in a community property state when compared to spouses who reside in separate property state. • Second, the law modifies the attribution of stock between parents and minor children 	<p>Effective for plan years beginning after 12/31/2023</p>
<p>Section 316 Amendments to increase benefit accruals under plan for previous plan year allowed until employer tax return due date</p>	<ul style="list-style-type: none"> • Allows discretionary amendments that increase participants' benefits to be adopted by the due date of the employer's tax return 	<p>Effective for plan years beginning after 12/31/2023</p>

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<p>Section 317 Retroactive first year elective deferrals for sole proprietors</p>	<p>Allows sole proprietors or single member LLCs to make employee contributions up to the date of the employee's tax return filing date for the initial year</p>	<p>Effective for plan years beginning after the date of enactment</p>
<p>Section 318 Performance benchmarks for asset allocation funds</p>	<p>Directs the DOL to update regulations so that an investment that uses a mix of asset classes can be benchmarked against a blend of broad-based securities market indices, provided the</p> <ul style="list-style-type: none"> • Index blend reasonably matches the fund's asset allocation over time, • Index blend is reset at least once a year, and • Underlying indices are appropriate for the investment's component asset classes and otherwise meet the rule's conditions for index benchmarks 	<ul style="list-style-type: none"> • The DOL is to update its regulations no later than two years after enactment. • The DOL to report to Congress on the effectiveness of its benchmarking requirements no later than 3 years after the applicability date of the regulations.
<p>Section 319 Review and report to Congress relating to reporting and disclosure requirements</p>	<p>The IRS, DOL and PBGC must review reporting and disclosure requirements for pension plans</p>	<p>Review to begin as soon as practicable after 12/29/2022</p>
<p>Section 320 Eliminating unnecessary plan requirements related to unenrolled participants.</p>	<ul style="list-style-type: none"> • Plan sponsors are no longer required to provide certain intermittent ERISA or IRC notices to unenrolled, but otherwise eligible employees, who have not elected to participate in a workplace retirement plan. • With respect to such unenrolled, but otherwise eligible employees, the plan is required to send <ol style="list-style-type: none"> 1. An annual reminder notice of the employee's eligibility to participate in the plan and any applicable election deadlines, and 2. Any otherwise required document requested at any time by the otherwise eligible employee. • This rule applies only with respect to an unenrolled, but otherwise eligible, employee 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. 	<p>Effective for plan years beginning after 12/31/ 2022</p>
<p>Section 321 Review of pension risk transfer interpretive bulletin.</p>	<p>The DOL must review the current interpretive bulletin governing pension risk transfers to determine whether amendments are warranted and to report to Congress its finding, including an assessment of any risk to participant</p>	<p>By 12/29/2023</p>

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Section 322 Tax treatment of IRA involved in a prohibited transaction	If an individual has multiple IRAs, only the IRA with respect to which the prohibited transaction occurred will be disqualified	Effective for taxable years beginning after 12/29/2022
Section 323 Clarification of equal periodic payments	Provides that the 10% penalty exception for early withdrawal 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 rules	<ul style="list-style-type: none"> • Effective for transfers, rollovers, exchanges after 12/31/2023 • Effective for annuity distributions on or after 12/29/2022
Section 324 Treasury guidance on rollovers.	Requires the IRS to simplify and standardize the rollover process by issuing sample forms for direct rollovers that may be used by both the incoming and outgoing retirement plan or IRA	Development and release of the sample forms must be completed no later than January 1, 2025
Section 325 Designated Roth accounts/No participant RMDs	Eliminates RMDs from designated Roth accounts for plan participants	<ul style="list-style-type: none"> • Effective for taxable years beginning after 12/31/2023 • Does not apply to distributions which are required with respect to years beginning before 1/1/2024, but are permitted to be paid on or after such date Mandatory
Section 326 Exception to penalty on early distributions from qualified plans for individuals with a terminal illness	Provides an exception to the early distribution penalty tax in the case of a distribution to a terminally ill individual	Effective for distributions made after 12/29/2022
Section 327 Surviving spouse election to be treated as employee	Allows a surviving spouse to elect to be treated as the deceased employee for purposes of the required minimum distribution rules	Effective for calendar years beginning after 12/31/2023 Mandatory
Section 328 \$3,000 public safety officer distributions for health and long-term care insurance	Repeals the requirement that the plan make direct payments to pay premiums	Effective for distributions made after 12/29/2022
Section 329 Age-50 public safety officer early distribution penalty exception	Extends the exception to also include public safety officers with at least 25 years of service with the employer sponsoring the plan	Effective for distributions made after 12/29/2022

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<p>Section 330 Public safety officer early distribution penalty exception</p>	<p>Extends the public safety officer exception to the 10% early distribution penalty tax to corrections officers who are employees of state and local governments</p>	<p>Effective for distributions made after 12/29/2022</p>
<p>Section 331 Special rules qualified federally declared disasters distributions (QFDDs)</p>	<ul style="list-style-type: none"> • Allows individuals affected by a QFDD to withdraw up to \$22,000 from employer retirement plans or IRAs as a QFDD • QFDDs <ul style="list-style-type: none"> ○ Are not subject to the 10% early withdrawal penalty tax ○ Are counted as gross income over 3 years ○ Can be repaid to a tax preferred retirement account ○ 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. 	<p>Effective for disasters occurring on or after 1/26/2021</p>
<p>Section 332 Employers may replace a savings incentive match plan for SIMPLE IRA plan with safe harbor 401(k) plans during a year</p>	<p>Allows an employer to replace a SIMPLE IRA plan with a SIMPLE 401(k) plan or other 401(k) plan that requires mandatory employer contributions during a plan year</p>	<p>For plan years beginning after 12/31/2023</p>
<p>Section 333 Elimination of additional tax on corrective distributions of IRA excess contributions</p>	<p>Exempts the excess contribution and earnings allocable to the excess contribution from the 10% additional tax on early distributions</p>	<p>Effective on or after 12/29/2022</p>
<p>Section 334 Long-term care contracts purchased with retirement plan distributions</p>	<p>Permits retirement plans to distribute up to \$2,500 per year to pay premiums for certain specified long term care insurance contracts, distributions are exempt from the additional 10% early distribution penalty tax</p>	<p>Effective 12/29/2025</p>
<p>Section 335 Correction of mortality tables</p>	<p>For minimum funding rules, a pension plan is not required to assume beyond the plan's valuation date future mortality improvements at any age greater than 0.78%</p>	<p>Effective 12/29/2022</p>

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Section 336 Report on 402(f) distribution notices	Requires GAO to report to Congress on the effectiveness of section 402(f) notices	By 6/29/2024
Section 337 RMD rules for special needs trust	Clarifies that if the beneficiary of a plan or IRA is disabled and a special needs trust exists for the beneficiary, then the trust may provide for a charitable organization as the remainder beneficiary	For calendar years beginning after 12/29/2022
Section 338 Paper benefit statements	Unless participant elects otherwise, a DC plan must provide paper benefit statement at least once annually, and DB plans must do so every 3 years	For plan years beginning after 12/31/2025 Mandatory
Section 339 Tribal courts and domestic relations orders (DROs)	Authorizes tribal courts to issue DROs	For DROs received by plan administrators after 12/31/2022 Mandatory
Section 340 Improve Defined Contribution (DC) fee disclosures	Requires DOL to review DC plan fee disclosure rules for needed improvements	Report due to Congress by 12/29/2025
Section 341 Consolidate Defined Contribution (DC) notices	IRS and DOL must amend rules to allow consolidation of DC plan notices by 12/29/2024	By 12/29/2024
Section 342 Information to compare defined benefit options	Pension plans must provide information to compare in-plan benefits vs lump sum	DOL must issue regulations after 12/29/2023 Mandatory
Section 343 DB funding notices	Pension plans must clearly define funding issues on annual funding notice	For plan years beginning after 12/31/2023 Mandatory
Section 344 Report on pooled employer plans (PEPs)	DOL to produce reports on PEPs every 5 years	First report due by 12/29/2027
Section 345 Audits for Group of Plans (GoPs)	Clarifies plans in a Group of Plans need only submit an audit opinion if, individually, the plan has 100 participants or more; effective 12/29/2022	Effective 12/29/2022

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Section 346 Worker Ownership, Readiness, and Knowledge (WORK) Act	Grants to promote employee ownership	Making grants for fiscal years 2025 to 2029
Section 347 DOL report on inflation	DOL and IRS to issue report on impact of inflation on retirement savings	Within 90 days of the findings of the study
Section 348 Variable interest rates for cash balance plans	Requires a cash balance plan's variable interest crediting rate be a reasonable projection, subject to a maximum of 6%	For plan years beginning after 12/29/2022
Section 349 Termination of variable rate premium indexing (PBG)	Replaces the variable rate premium indexing with a flat \$52 for each \$1,000 of unfunded vested benefits	Effective on 12/29/2022
Section 350 Safe harbor time for corrections of employee elective deferral	Allows for a grace period of 9 ½ months after plan year end to correct, penalty-free, reasonable errors related to automatic enrollment and escalation features	For errors after 12/31/2023
Title V Administrative Provisions		
Section 501 Provisions relating to plan amendments	Plan amendments due by the last day of the first plan year beginning on or after 01/01/2025 (e.g., 12/31/2025 for calendar year plans) (2027 for governmental plans), operational requirement as of effective date, conforms amendments due for prior law changes	By the last day of the first plan year beginning on or after 01/01/2025 (e.g., 12/31/2025 for calendar year plans) (2027 for governmental plans)
Title VI Revenue Provisions		
Section 601 SIMPLE and SEP Roth IRAs	Allows Roth contributions to SIMPLE IRAs and employers may allow employees to treat SEP contributions as Roth	Beginning 01/01/2023
Section 602 Hardship withdrawal rules for 403(b) plans.	Conforms hardship withdrawal rules for 403(b)s to 401(k) plans	For plan years beginning after 12/31/2023
Section 603 Catch-up contributions must be Roth	All catch-up contributions to qualified retirement plans must be Roth, except for employees with compensation of \$145,000 or less (indexed)	For taxable years beginning after 12/31/2023 Mandatory

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Section 604 Option to treat employer match or nonelective contributions as Roth	DC plans may give participants the option to receive matching contributions on a Roth basis	Effective 12/29/2022
Section 606 Enhancing retiree health benefits in pension plans	Extends employers' ability to use assets from overfunded pension plans to pay retiree health and life insurance benefits until 2032	For transfers made on or after 12/29/2022

[Revenue Analysis](#)

Roth provisions are revenue generators