

**SECURE 2.0 Act of 2022 –
What it Means for Retirement Plan Distribution Rules**

SECURE 2.0 Provision	Description of Change	Effective Date	Required or Optional	Comment
Changes to Required Minimum Distribution (RMD) Rules				
Increase in RMD Age (Section 107)	<p>RMD age will increase from 72 to:</p> <ul style="list-style-type: none"> ▪ 73, for participants who reach age 72 after 12/31/2022 and age 73 before 1/1/2033. ▪ 75, for participants who reach age 74 after 12/31/2032 <p>For participants who reached age 72 before 1/1/2023, the RMD age is 72 (or age 70½ if they were born before 7/1/1949)</p>	Effective for RMDs made after 12/31/2022, for participants who reach age 72 after 12/31/2022	Required	<p>There is a drafting glitch here: a participant born in 1959 will reach age 73 before 1/1/2033 and age 74 after 12/31/2022.</p> <p>Applies to:</p> <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) plans ▪ IRAs
Elimination of RMD Penalty on Partial Annuitization (Section 204)	Participants may elect to aggregate distributions from the annuity and non-annuity portions of their individual accounts for purposes of determining the RMD due for the year	Effective on 12/29/2022	Optional	<p>Applies to:</p> <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) plans ▪ IRAs
Qualified Longevity Annuity Contracts (QLACs) (Section 202)	<ul style="list-style-type: none"> ▪ Eliminates the requirement that QLAC premiums not exceed 25% of the participant's account balance ▪ Increases the dollar limit on QLAC premiums from \$125,000 to \$200,000 (indexed starting in 2024) 	Effective for QLACs purchased on or after 12/29/2022	Optional	<p>Applies to:</p> <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 403(b) plans ▪ 457(b) govt. plans ▪ IRAs

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Changes to Required Minimum Distribution (RMD) Rules (continued)				
Reduction in Excise Tax Rate for Failure to Take RMDs (Section 302)	Decreases excise tax rate applicable to a failure to take an RMD from 50% to 25% (or to 10%, if the failure is timely corrected)	Effective for taxable years beginning after 12/29/2022	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) plans ▪ IRAs
Removal of RMD Barriers on Life Annuities (Section 201)	Allows plans to offer annuities with the following features without violating the RMD rules: <ul style="list-style-type: none"> ▪ Payments that increase annually by less than 5% ▪ Lump sum payments that shorten the annuity payment period, completely or partially commute future payments, or accelerate the receipt of future payments ▪ Dividends or similar distributions ▪ Refund of premiums, minus prior distribution or payments, at death 	Effective for calendar years ending after 12/29/2022	Optional	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) govt. plans ▪ IRAs
Roth Accounts in Plans (Section 325)	Exempts Roth accounts under employer retirement plans from pre-death RMD requirements, including the incidental death benefit requirements (which is the same rule that applies to Roth IRAs)	Generally effective for taxable years beginning after 12/31/2023 Does not apply to pre-death RMDs which are required for years beginning before 1/1/2024, but are permitted to be paid on or after that date	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ 403(b) plans ▪ 457(b) govt. plans

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Changes to Involuntary Cash-Out Rules				
Increase in Involuntary Cash-Out Limit (Section 304)	Increases the involuntary cash-out limit from \$5,000 to \$7,000	Effective for involuntary cash-outs made after 12/31/2023	Optional	Applies to: <ul style="list-style-type: none"> 401(k) plans Other 401(a) DC plans 401(a) DB plans 403(a) plans 403(b) plans 457(b) plans
Automatic Portability Services (Section 120)	Permits automatic transfers, from default IRAs holding involuntary cash-outs, into participant's new employer's plan	Effective for transfers occurring on or after 12/29/2023		
Changes to Early Distribution Rules				
Eligible Distributions to Domestic Abuse Victims (Section 314)	Eligible distributions to domestic abuse victims from retirement plans of up to the lesser of \$10,000 (indexed, beginning after 2024) or 50% of the participant's vested accrued benefit are not subject to the 10% additional income tax on early distributions Plan administrator may rely upon participant's self-certification (absent actual contrary knowledge) that the distribution qualifies Distribution may be repaid within 3 years	Effective for distributions made after 12/31/2023	Optional	Applies to: <ul style="list-style-type: none"> 401(k) plans Certain other 401(a) DC plans 403(a) plans 403(b) plans 457 (b) govt. plans IRAs
Emergency Personal Expense Distributions (Section 115)	An emergency personal expense distribution, of up to \$1,000 and made only once per calendar year, is not subject to the 10% additional income tax on early distributions Plan administrator may rely upon participant's written self-certification (absent actual contrary knowledge) that the distribution qualifies Distribution may be repaid within 3 years	Effective for distributions made after 12/31/2023	Optional	Applies to: <ul style="list-style-type: none"> 401(k) plans Other 401(a) DC plans 403(a) plans 403(b) plans 457(b) govt. plans IRAs

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SECURE 2.0 Provision	Description of Change	Effective Date	Required or Optional	Comment
Changes to Early Distribution Rules (continued)				
Distributions to Terminally Ill Individuals (Section 326)	Distributions from retirement plans to participants who are terminally ill (i.e., certified by a physician as having a condition reasonably expected to result in death within 84 months) are not subject to the 10% additional income tax on early distributions Participant must furnish sufficient evidence to the plan administrator that he/she is a terminally ill individual Distributions may be repaid within 3 years	Effective for distributions made after 12/29/2022	Optional	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) govt. plans ▪ IRAs
Repayment Period for Qualified Birth or Adoption Distributions (QBADs) (Section 311)	A participant who receives a QBAD (first permitted under SECURE 1.0) and decides to repay it to the plan must do so within 3 years SECURE 1.0 did not impose a repayment deadline for QBADs that participants chose to repay.	Effective for QBADs made after 12/29/2022 The deadline to repay QDABs made on or before 12/29/2022 is 12/31/2025	Optional	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) govt. plans ▪ IRAs
Qualified Long-Term Care Distributions (Section 334)	A qualified long-term care distribution of up to \$2,500 (indexed, beginning after 2024) used to pay premiums for certified long-term care insurance for the participant (or for his/her spouse or other family members) is not subject to the 10% additional income tax on early distributions Participant must furnish a long-term care premium statement (issued by the insurer) to the plan	Effective for distributions made after 12/29/2025	Optional	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) plans

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<i>Changes to Early Distribution Rules (continued)</i>				
Distributions to Qualified Public Safety Employees (Section 329)	Distributions from governmental plans to qualified public safety employees who terminate employment after the earlier of age 50 or the completion of 25 years of service will not be subject to the 10% additional income tax on early distributions	Effective for distributions made after 12/29/2022	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(b) plans ▪ 457(b) govt. plans
Expansion of Definition of Qualified Public Safety Employee (Section 330)	Expands the definition of “qualified public safety employee” to include corrections officers and forensic security employees			
Extension of Exception to Private Sector Firefighters (Section 308)	Extends the exception from the 10% additional income tax to private sector firefighters.	Effective for distributions made after 12/29/2022	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans
Clarification of Substantially Equal Periodic Payment Exception (Section 323)	Clarifies that the exception to the 10% additional income tax on early distributions for substantially equal periodic payments continues to apply after certain transfers, rollovers or exchanges	Effective for annuity distributions made after 12/29/2022 Effective after 12/31/2023 for transfers, rollovers, and exchanges	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ IRAs
Qualified Disaster Recovery Distributions (Section 331)	Plans may offer relief to participants affected by qualified federally declared disasters, including qualified disaster recovery distributions up to certain dollar limits (which are not subject to the 10% additional income tax on early distributions), repayment to the plan of unused hardship distributions taken to purchase a principal residence in the disaster area, higher plan loan limits, suspension of loan repayments and extension of loan terms	Effective for federally declared disasters whose incident periods begin on or after 1/26/2021	Optional	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) govt. plans ▪ IRAs

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Changes to Hardship Distribution Rules				
Employer May Rely on Participant's Self-Certification that Deemed Hardship Distribution Conditions are Met (Section 312)	Plan administrators may rely (absent actual contrary knowledge) upon a participant's written self-certification that he/she has experienced a deemed hardship need (e.g., need to pay medical care expenses) Pre-SECURE 2.0 law already permitted reliance upon a participant's written self-certification (absent actual contrary knowledge) that the amount of the hardship distribution was necessary	Effective for plan years beginning after 12/29/2022	Optional	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ 403(b) plans ▪ 457(b) plans
Changes to Qualified Domestic Relations Order (QDRO) Rules				
Recognition of QDROs Issued by Tribal Governments (Section 339)	Requires plans to recognize qualified domestic relations orders (QDROs) issued by or under the laws of an Indian tribal government, a subdivision thereof, or an agency or instrumentality of either	Effective for domestic relations orders received by plan administrators after 12/31/2022, including any such orders submitted for reconsideration after that date	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) plans
Changes in Income Exclusion Rules for Certain Distributions				
Exclusion of Certain Disability-Related First Responder Retirement Payments (Section 309)	Excludes from federal gross income service-connected disability distributions made to first responders even after they reach retirement age	Effective for amounts received with respect to taxable years beginning after 12/31/2026	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ Other 401(a) DC plans ▪ 401(a) DB plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) govt. plans
Repeal of Direct Payment Requirement for Exclusion of Distributions from Governmental Plans for Health and Long-Term Care Insurance (Section 328)	Prior law permitted an eligible retired public safety officer to exclude from his/her federal gross income up to \$3,000 per taxable year for distributions from governmental retirement plans that were used to pay qualified health or long-term care insurance premiums, provided the premiums were paid directly from the plan to the insurer. SECURE 2.0 repeals the direct payment requirement.	Effective for distributions made after 12/29/2022	Required	Applies to: <ul style="list-style-type: none"> ▪ 401(k) plans ▪ 401(a) DC plans ▪ 403(a) plans ▪ 403(b) plans ▪ 457(b) govt. plans

Plan Amendment Deadlines	
<p>Plan Amendment Deadlines for SECURE 2.0 and Previously-Enacted Laws (Section 501)</p>	<ul style="list-style-type: none"> ▪ General Deadline for SECURE 2.0 Plan Amendments. The general deadline for adopting plan document amendments reflecting applicable required and optional provisions of SECURE 2.0 is the last day of the first plan year beginning on or after 1/1/2025 (e.g., 12/31/2025 for a calendar year plan), provided that the plan is operated in accordance with SECURE 2.0's applicable required and optional provisions as of their respective effective dates. ▪ Deadline for SECURE 2.0 Amendments to Governmental Plans. The deadline for adopting governmental plan document amendments reflecting applicable required and optional provisions of SECURE 2.0 is the last day of the first plan year beginning on or after 1/1/2027 (e.g., 12/31/2027 for a calendar year plan), provided that the plan is operated in accordance with SECURE 2.0's applicable required and optional provisions as of their respective effective dates. ▪ Deadline for SECURE 2.0 Amendments to Certain Collectively Bargained Plans. For collectively bargained plans maintained pursuant to one or more collective bargaining agreements that were ratified before 12/29/2022 (SECURE 2.0's enactment date), the deadline for adopting plan document amendments reflecting applicable required and optional provisions of SECURE 2.0 is the last day of the first plan year beginning on or after 1/1/2027 (e.g., 12/31/2027 for a calendar year plan), provided that the plan is operated in accordance with SECURE 2.0's applicable required and optional provisions as of their respective effective dates. ▪ Deadline for SECURE 1.0, CARES Act and Taxpayer Certainty and Disaster Tax Relief Act Amendments. The above-described SECURE 2.0 plan amendment deadlines are also the deadlines for adopting amendments reflecting applicable required and optional provisions of the following previously-enacted laws: <ul style="list-style-type: none"> ➤ SECURE 1.0, the Setting Every Community Up for Retirement Enhancement (SECURE) Act, enacted on 12/20/2019 as Division O of the Further Consolidated Appropriations Act, 2020 (Public Law No. 116-64) ➤ CARES Act, the Coronavirus Aid, Relief, and Economic Security Act, enacted on 3/27/2020 (Public Law. No. 116-136) ➤ Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted on 12/27/2020, as Division EE of the Consolidated Appropriations Act, 2020 (Public Law No. 116-260).