



Fiduciary Pension Partners

Helping Young Americans Save for Retirement



Senators Bill Cassidy (R-LA) and Tim Kaine (D-VA), the Ranking Members of the Senate Health, Education, Labor, and Pensions (HELP) Committee, introduced the Helping Young Americans Save for Retirement Act.

The bill requires sponsors of 401(k) plans to allow employees as young as 18 to

make contributions. However, their participation would be subject to certain restrictions:

Not relevant to employees who work part-time: The proposed regulation regarding long-term part-time work would not become effective until age 21. It would only allow employees to participate if they had completed two years of part-time service totaling at least 500 hours annually. This provision would exclude certain individuals, such as college summer interns younger than 21.

Nondiscrimination and rules prohibiting heavy lifting: Employees under the age of 21 may be exempted by their employers or sponsors from nondiscrimination testing, such as 401(k) ADP and ACP testing, along with consideration under the Top-Heavy rules.

Not taken into account when calculating the audit requirement under the 5500 rules: Plan sponsors with 100 or more members are mandated to file audited financials along with Form 5500/annual report. However, employees who participate solely due to the under-21 provision proposed by the bill would not be factored into this requirement until five years after initially joining the plan.

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These changes are scheduled to take effect beginning in 2026.

While it's improbable for this proposal to pass as a standalone bill, it will likely be discussed in the next round of broad-based, bipartisan retirement policy legislation.

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