SECURE 2.0 Act

Defined Contribution key provision guide

July 2023

SECURE 2.0 ACT ENACTED INTO LAW

What it means for Defined Contribution plan sponsors and their employees

The Securing a Strong Retirement Act (SECURE 2.0 Act of 2022), an important piece of retirement legislation, was signed into law on December 29, 2022. This legislation includes provisions intended to make retirement plans more widely accessible, reinforces the importance of saving and offers many American workers the opportunity for greater financial security in retirement.

Now is the time for plan sponsors and consultants to understand how the provisions of the new law may impact their retirement plans. This guide focuses on potential impacts to Defined Contribution (DC) plans and supplements our broader provision guide. Use this summary to build a deeper understanding of the key provisions in the bill. We expect additional guidance regarding the implementation of various provisions and will provide timely updates.

Please refer to the **SECURE 2.0 Act Summary Flyer** or visit **TIAA.org/public/pdf/s/SECURE_Act_Summary_Flyer.pdf** for a list and description of all SECURE 2.0 Act provisions.

SECURE 2.0 key provisions

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SECURE 2.0 Defined Contribution provisions

Each provision is noted as either "mandatory" or "other/optional" in the left column under the section number. "Mandatory" means either employers are required to implement the SECURE 2.0 provision for their plan, or the provision is applicable by law but does not require a plan change. "Other/Optional" means either the SECURE 2.0 provision may, but is not required to, be implemented by a plan sponsor, or there are other factors to consider for the plan.

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
SECURE 2.0 plan amendments		
Plan amendments (§501) Mandatory	Plan amendments are required by the last day of the first plan year beginning on or after January 1, 2025 (2027 in the case of governmental plans), as long as the plan operates in accordance with such amendments as of the effective date of a bill requirement or amendment. Plan amendment dates are aligned under the SECURE Act, the CARES Act, and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 to these new dates (instead of 2022 and 2025). **Affected plan types:** 401(a), 401(k), 403(b), 457(b) **Effective:** December 29, 2022	• For clients using TIAA's document service, amendments will be provided for mandatory provisions and for optional/other provisions with authorization and notification of plan sponsor • For clients using a document that is not the preapproved (post-2017) TIAA document, plan sponsors are responsible for preparing and executing any required amendments • Upon completion of plan amendment changes, provide participants with summary of material modifications as applicable • Further IRS guidance is expected, please watch for updates

Provision (Section number) Mandatory Optional/Other	Description	Plan sponsor considerations/comments
Access and savings (contributions)		
Improving coverage for part-time workers (§125) Mandatory	Reduces the service requirement for part-time workers to two years—down from three years—to enroll in ERISA 401(k), and now applies to 403(b) plans. Service for 12-month periods beginning before January 1, 2023, are not taken into account for purposes of the new participation and vesting rules. Pre-2021 service is disregarded for vesting purposes (retroactive to plan years beginning after December 31, 2020) for 401(k) plans. **Affected plan types:** ERISA 401(k) and 403(b) plans **Effective:** Plan years beginning after December 31, 2024	• This is a new requirement for ERISA 403(b) and a modification of requirements for 401(k) plans • Ensure you have the capabilities in place to track hours of service for employees based on your plan type beginning January 1, 2023 • Determine/modify eligibility tracking and payroll files and internal processes accordingly. In the case of ERISA 403(b) plans, the new rules apply in addition to the universal availability rule and notwithstanding exceptions to the rule.
Elective deferrals generally limited to regular contribution limit (§603) Mandatory If catch-up contributions offered in your retirement plan	Age 50+ catch-up contributions made to a retirement plan must be designated as Roth contributions for participants earning $145,000 or more in the prior year from the employer sponsoring the plan. A plan will need to comply with the requirement if age 50+ catch-up contributions remain a plan feature for taxable years beginning after December 31, 2023. **Affected plan types:** 401(k), 403(b), governmental 457(b) plans **Effective:** Taxable years beginning after December 31, 2023	• Compensation generally means wages as defined in Internal Revenue Code section 3121(a), which usually means Form W-2, Box 5 compensation. Sponsors should work with their legal counsel and/or tax advisor to confirm the definition of compensation as it relates to this requirement. • A separate communication has been sent to impacted clients providing additional details for this requirement, including details on plan sponsor requirements and milestone dates for plan changes. Please contact your TIAA representative with questions. Plan sponsor considerations might include: • Adding a Roth feature to continue to offer age 50+ catch-up contributions in your plan. When adding Roth to your plan, plan documents must be amended in the calendar year of the change. • Determining (or understanding, if managed by TIAA or a third-party vendor), the tracking and management of participants making the compensation limit • Payroll and/or feedback file programming changes • Communicating to participant about the changes to age 50+ catch-up contributions and tax implications of Roth account, if applicable

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Optional treatment of employer matching and/or nonelective contributions as Roth contributions (§604) Optional/Other	Permits 401(a), 403(b), or governmental 457(b) plan participants to designate employer-matching and/or nonelective contributions as Roth contributions if the plan so permits. **Affected plan types:** 401(k), 403(b), governmental 457(b) **Effective:** Contributions made after December 29, 2022	• Consider whether this provision would be a good option to add to your plan design • TIAA is working to develop a solution to support this optional plan provision. More details will be provided at a later date.
Higher catch-up contributions for ages 60–63 (§109) Optional/Other	Raises the annual age-based catch-up contribution limit to the greater of $10,000 or 150% of the regular age 50+ catch-up limit for 401(k), 403(b) and governmental 457(b) plans, and to the greater of $5,000 or 150% of the regular age 50+ catch-up limit for SIMPLE IRA and SIMPLE 401(k) plans. The higher catch-up amount applies at ages 60, 61, 62 and 63. **Affected plan types:** 401(k), 403(b), governmental 457(b), SIMPLE retirement accounts **Effective:** Taxable years beginning after December 31, 2024	• If age 50+ catch-up contributions are available, consider a participant communication strategy for 2024 in anticipation of the new, higher contribution limits for these targeted participants • If age 50+ catch-up contributions are available, consider how payroll and/or contribution limits monitoring will need to be updated to reflect this change. Additionally, for those participants subject to mandatory Roth catch-up contributions (§603), these higher limits will also be subject to Roth.

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Student loan payments eligible for matching contributions (§110) Optional/Other	Permits a plan sponsor to make matching contributions based on the employee's qualified student loan payments. **Affected plan types:** 401(k), 403(b), governmental 457(b), SIMPLE retirement accounts **Effective:** Plan years beginning after December 31, 2023	• TIAA is developing a solution to support this option. Additional guidance is also required by regulators regarding the certification process for student loan debt payments. Additional information will be shared upon release of the applicable guidance. • If your plan currently provides employer matching contributions, consider how this optional provision aligns with overall retirement plan goals, as well as any payroll changes. Consider how many of your employees have student debt and how this might enhance the overall benefits package. • If your plan design does not currently include employer matching contributions, this provision is not available. You would need to consider whether adding a match for your plan participants, which could also accommodate this option, would be beneficial for your plan and its participants. • Other considerations if implemented: – Internal and/or payroll provider programming changes – Budget for match and associated programming changes
Emergency savings accounts linked to individual account plans (§127) Optional/Other	Employers may offer pension-linked emergency savings accounts to non-highly compensated employees and may provide for automatic enrollment into these accounts. **Affected plan types:** ERISA 401(k) and 403(b) plans **Effective:** Plan years beginning after December 31, 2023	• TIAA is assessing plan sponsor interest in offering pension-linked emergency savings accounts in their retirement plan(s) • TIAA recognizes the important role emergency savings play in a participant's overall financial wellness, so long as it's balanced with long-term retirement saving goals

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Exemption for certain automatic portability transactions (§120) Optional/Other	A retirement plan service provider is permitted to provide employer plans with automatic portability services involving the automatic transfer of a participant's default IRA into the participant's new employer's retirement plan, after the participant has been given notice of the transfer and unless the participant affirmatively elects otherwise. **Affected plan types:** Traditional IRAs established under the automatic rollover rules **Effective:** For transactions occurring on or after the date, which is 12 months after December 29, 2022	• TIAA recently became a member of the Portability Services Network consortium. Read the press release or visit **TIAA.org/public/about-tiaa/news-press/press-releases/2023/04-04**. • TIAA is working to operationalize this service and will provide more details at a later date
Eliminate the "first day of the month" requirement for governmental section 457(b) plans (§306) Optional/Other	Eliminates the "first day of the month" rule for governmental 457(b) plans, allowing participants to change their salary deferrals at any time during the month so long as the deferral agreement is completed before the compensation is made available to them. **Affected plan type:** Governmental 457(b) **Effective:** Tax years beginning after December 29, 2022	• Understand options and consider whether to make changes to your current process • Update internal procedures and payroll files as necessary • Communicate to participants if changes made
Auto-enrollment in new retirement plans (§101) Mandatory	A newly established ERISA 401(k) or 403(b) plan must automatically enroll participants in the respective plan upon becoming eligible and include auto-escalation provisions unless an exception is met. **Affected plan types:** 401(k), 403(b) **Effective:** Plan years beginning after December 31, 2024	• For new plans starting in 2025, include this provision when designing your plan • Employer adopting a multiple employer plan (MEP) after enactment of this provision must provide for automatic enrollment and automatic escalation for employees as if the plan were a new stand-alone plan

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Distributions		
Qualified birth or adoption distributions (QBADs) repayment (§311) Optional/Other	If a participant who takes a qualified birth or adoption distribution (QBAD) wishes to repay such amount, the amount must be repaid to a retirement plan account within three years of the distributions for the amount to be treated as a rollover. **Affected plan types:** 401(a), 401(k), 403(b), governmental 457(b), traditional IRAs **Effective:** Distributions made after December 29, 2022, and retroactively to the three-year period beginning on the day after the date on which such distribution was received	• Determine if QBADs are available under the terms of your plan • Make participants aware of the ability to repay QBADs as well as the timing requirements for rollover treatment • Participants who elect to make repayments should work with their tax professional to determine the tax consequences for any distributions and/or repayments
Eliminate partial annuitization penalty (§204) Optional/Other	When a portion of a participant's Defined Contribution plan account is distributed in the form of annuity payments, and the annuity payments exceed the amount that would be required to be distributed under the individual account rules based on the value of the annuity, the excess annuity payment amount for a year can be applied toward the RMD due for the year from the remaining portion of the plan account. **Affected plan types:** 401(a), 401(k), 403(b), 457(b), other Defined Contribution plans, traditional IRAs, SEP IRAs, SIMPLE IRAs, Roth IRA beneficiary accounts **Effective:** Plan years beginning after December 29, 2022	• Additional information to be shared as additional guidance is provided by the IRS and Treasury
Use of retirement funds in connection with federally declared disasters (§331) Optional/Other	Participants affected by a federally declared disaster occurring on or after January 26, 2021, are permitted to take a penalty-free withdrawal up to a limited amount from their retirement plan or IRA. Such distributions are considered gross income over three years. Distributions can be repaid within three years in which case it is generally treated as a direct trustee-to-trustee transfer. **Affected plan types:** 401(a), 403(a), 403(b), governmental 457(b), IRAs **Effective:** For disasters occurring on or after January 26, 2021	• Consider whether this feature would be administratively and operationally feasible as well as whether it might address the needs of your plan participants • TIAA is updating its processes and procedures to accommodate this option

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Employee certifying hardship (§312) Optional/Other	Under certain circumstances, the plan sponsor may rely on an employee's self-certification that he/she has incurred and meets the requirements for a hardship withdrawal (or unforeseeable emergency withdrawal from a governmental 457(b) plan) to the extent that the plan sponsor does not have knowledge to the contrary. **Affected plan types:** 401(k), 403(b), governmental 457(b) **Effective:** Plan years beginning after December 29, 2022	• If plan allows for hardship distributions, you may consider permitting self-certification • TIAA is anticipating additional guidance regarding misrepresentations and will provide more information when available
Penalty-free withdrawals for certain emergency expenses (§115) Optional/Other	The 10% early withdrawal penalty tax is waived for withdrawals from a retirement plan account (other than a Defined Benefit plan) for personal or family emergency expenses. The taxpayer may need to seek an exception to the penalty tax in their tax filing. **Affected plan types:** 401(a), 401(k), 403(b), 403(c), traditional IRAs **Effective:** Distributions made after December 31, 2023	• This is a new type of in-service distribution that is optional for sponsors to offer under their plan • If available under the terms of the plan, the maximum aggregate amount which may be treated as an emergency personal expense distribution in any calendar year cannot exceed the lesser of $1,000, or an amount equal to the excess of the individual's total nonforfeitable accrued benefit under the plan or IRA, determined as of the date of each such distribution, over $1,000. • Amounts taken as an emergency personal expense may be recontributed within three years • Plan participants should consult with their tax professional to determine any tax implications for such distributions • TIAA is updating its processes and procedures to accommodate this option

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Updating dollar limit for mandatory distributions (§304) Optional/Other	Increases the dollar threshold—from $5,000 to $7,000—at which a plan could distribute a former employee's retirement plan balance without participant consent or spousal consent. If the amount exceeds $1,000, the plan sponsor would have to have to direct such amounts to an IRA established in the name of the former employee/participant. **Affected plan types:** 401(a), 401(k), 403(b) **Effective:** Distributions made after December 31, 2023	• TIAA will be updating our systems and procedures to accommodate the requirements • Consider whether you are interested in increasing your minimum dollar threshold
Penalty-free withdrawal from retirement plans for individual case of domestic abuse (§314) Optional/Other	If permitted under the terms of the plan, participants may self-certify that they have experienced domestic abuse and would be permitted to take a penalty-free withdrawal up to a limited amount. Such a distribution will not be subject to the 10% penalty tax on early distributions. Additionally, the participant may repay the amount distributed within three years in which case it is generally treated as a direct trustee-to-trustee transfer. **Affected plan types:** 401(a), 401(k), 403(b), 457(b), traditional IRAs **Effective:** Distributions made after December 31, 2023	• Consider whether you would like to offer this new distributable event under your plan • This provision is not applicable to plans subject to the qualified joint and survivor annuity (QJSA) or qualified preretirement survivor annuity (QPSA) requirements
Long-term care contracts purchased with retirement plan distributions (§334) Optional/Other	Retirement plans can distribute up to $2,500 per year for the payment of premiums for certain certified long-term insurance. These distributions are exempt from the additional tax on early distributions. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), 457(b), IRA **Effective:** Three years after December 29, 2022	• Consider whether you are interested in adding this new distribution type to your retirement plan • TIAA is assessing interest level of sponsors and will provide additional details on possible solutions

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Aligning 403(b) and 401(k) hardship distribution rules (§602) Mandatory If hardship withdrawals available in your retirement plan	The provision harmonizes the rules for 401(k) and 403(b) hardship distributions. Accordingly, plan participants may now receive a hardship distribution from certain employer contributions as well as earnings salary deferrals. Also, 403(b) plan participants are no longer required to take a plan loan prior to requesting a hardship distribution. **Affected plan type:** 403(b) **Effective:** Plan years beginning after December 31, 2023	• This provision updates 403(b) hardship distribution rules to align with 401(k) hardship distribution rules • If your plan offers hardship distributions, review your procedures to reflect these changes as of the effective date • TIAA is updating procedures to reflect this change

Required minimum distributions

Provision	Description	Plan sponsor considerations/comments
Required minimum distribution (RMD) age increase (§107) Mandatory	Increases the age for RMDs from 72 to 73 starting in 2023, and then to 75 starting in 2033. Federal guidance is needed to determine the RMD age for individuals born in 1959. **Affected plan types:** 401(a), 401(k), 403(b), 457(b), other Defined Contribution plans, traditional IRAs, simplified employee pensions (SEPs), SIMPLE IRAs **Effective:** Distributions required to be made after December 31, 2022, then distributions required to be made after December 31, 2023	• Update all relevant participant communication and education • TIAA has updated our systems and procedures to accommodate the change. Forms and communications are being updated to reflect the change. • The Congressional Letter dated May 29, 2023, indicated the intent to be that individuals born in 1959 have an RMD age of 73 • Please refer participants to the guide, **"Understand your required minimum distributions (RMDs),"** at **TIAA.org/public/land/required-minimum-distribution**

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Required minimum distribution reduction in excise tax (§302) Mandatory	The penalty for failure to take required minimum distributions is reduced from 50% to 25%. The excise tax may be reduced to 10% if corrected in a timely manner. A taxpayer may need to seek the reduction in the penalty tax in his or her personal tax filing. **Affected plan types:** 401(a), 401(k), 403(b), 457(b) and other Defined Contribution plans, traditional IRAs, SEP IRAs, SIMPLE IRAs, Roth IRA beneficiary accounts **Effective:** Taxable years beginning after December 29, 2022	• TIAA is updating relevant forms and other impacted content to reflect this change • Refer participants to their tax professional to determine any tax implications
Remove required minimum distribution barriers of life annuities (§201) Mandatory	The legislation amends IRC §401(a)(9) to provide that certain types of annuity distributions will not cause a violation of the actuarial minimum income threshold test (MITT), such as annuity payments that increase by less than 5% per year and lump-sum returns of premium death benefits. (1) annuity payments that increase by a constant percentage of less than 5% per year; (2) a lump sum that results in a shortening of the payment period or a full or partial commutation of future annuity payments, provided that the lump sum is determined in an actuarially reasonable manner as determined in good faith by the contract issuer; (3) short-term accelerations of annuity payments that are scheduled to be made within the ensuing 12 months; (4) annuities that provide dividends or similar payments determined in an actuarially reasonable manner, as determined in good faith by the contract issuer; and (5) a lump-sum return of premium death benefits. **Affected plan types:** 401(a), 401(k), 403(b), 457(b), other Defined Contribution plans, traditional IRAs, SEP IRAs, SIMPLE IRAs, Roth IRA beneficiary accounts **Effective:** Calendar years ending after December 29, 2022	• This change eliminates barriers to certain annuity payments, e.g., guaranteed increases of only 1% to 2%, return of premium death benefits and certain guarantees for participating in annuities • TIAA products generally satisfy the MITT test, before and after SECURE 2.0

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
RMD rules for special needs trust (§337) Optional/Other	In the case of a special needs trust established for a beneficiary with a disability, the trust may provide for a charitable organization as the remainder beneficiary. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), 457(b), IRAs **Effective:** Calendar years beginning after December 29, 2022	• Trustee would be responsible for naming trust beneficiaries, including charitable organizations • TIAA will be updating our systems and procedures to accommodate the requirements
Roth plan distribution rules (§325) Mandatory	Pre-death required minimum distributions for Roth accounts in employer plans are eliminated. Minimum distributions due in 2023, but which may be taken in 2024, are still required to be paid. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), governmental 457(b) **Effective:** Taxable years beginning after December 31, 2023	• Update all relevant participant communication and education • TIAA will be updating our systems and procedures to accommodate the requirements
Surviving spouse election to be treated as employee (§327) Optional/Other	A surviving spouse who is the sole beneficiary of a deceased participant may elect to be treated as the deceased employee for purposes of the required minimum distribution rules. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), 457(b) **Effective:** Calendar years beginning after December 31, 2023	• TIAA is updating procedures to support this provision • Refer surviving spouse to their tax professional to determine any tax implications

Provision (Section number) Mandatory / Optional/Other	**Description**	**Plan sponsor considerations/comments**
Access to investment options		
Enhancement of 403(b) plans (§128) Optional/Other	Congress enhanced the federal tax code to allow 403(b) plans to offer collective investment trusts (CITs). However, federal securities laws still need to be amended for 403(b) plans to include CITs. As a result, CITs are still unavailable in 403(b) plans. **Affected plan type:** 403(b) **Effective:** Investments after December 29, 2022, but pending further amendment	• No action necessary at this time until federal securities laws are amended • To learn more about CITs, please contact your TIAA Relationship Manager
Plan simplification/regulatory clarification		
Recovery of retirement plan overpayments (§301) Optional/Other	Retirement plan fiduciaries are given the ability to decide not to recoup loan overpayments that were mistakenly made to participants. If plan fiduciaries choose to recoup loan overpayments, limitations and protections apply to safeguard participants. **Affected plan types:** 401(a), 401(k), ERISA 403(b) **Effective:** December 29, 2022	• Absent an overpayment, no action is needed • Consider whether to make any adjustments to your current procedures • Review facts and circumstances with your legal counsel as appropriate

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Expansion of Employee Plans Compliance Resolution System (§305) Optional/Other	The Employee Plans Compliance Resolution System (EPCRS) is expanded to: • Allow more types of errors to be corrected through self-correction • Apply to inadvertent IRA errors **Affected plan types:** 401(a), 403(a), 403(b), SEPs, SIMPLE retirement accounts. **Effective:** December 29, 2022	• EPCRS is the correction program that can be used by plan sponsors to correct plan qualification failures if needed • Absent an outstanding qualification failure, no action is needed • If a plan failure does not qualify for self-correction, a Voluntary Correction Program (VCP) filing might be appropriate • Always consult with your legal counsel to determine the appropriate correction method for your plan
"Unenrolled" participant disclosures (§320) Optional/Other	Plan sponsors are no longer required to distribute certain otherwise-required ERISA notices to employees who are not enrolled as participants in their retirement plan. However, the plan is required to send an annual reminder notice of the participant's eligibility to participate in the plan and any other required notice requested by the participant. **Affected plan types:** 401(a), 401(k), 403(a), ERISA 403(b) **Effective:** Plan years beginning after December 31, 2022	• Work with your legal counsel to determine which notices are required to be sent to "unenrolled" employees • TIAA is anticipating additional guidance and will provide more information when available

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Recognition of tribal government domestic relations orders (§339) Mandatory	The provision amends ERISA to recognize qualified domestic relations orders (QDRO) issued by Tribal courts. This applies to domestic relations orders received by plan administrators after the effective date, including any submitted for reconsideration after such date. **Affected plan types:** 401(a), 401(k), 403(b), 457(b) **Effective:** QDRO received by plan administrators after December 31, 2022	• TIAA has updated its procedures to recognize QDROs issued by Tribal courts
Annual audits for group of plans(§345) Optional/Other	The provision eliminates the DOL's proposed trust-level audit of a group of plans by requiring that any audits with respect to a group may only relate to each individual plan that would be subject to an audit if it were not participating in the group (i.e., plans that have 100 participants or more). **Affected plan types:** ERISA 401(a), 401(k) **Effective:** December 29, 2022	• If participating in a group of plans, review for applicability to your plan and consult with your legal counsel and/or tax professional • Defined Contribution Groups (DCGs) are Defined Contribution pension plans that have all plan assets in a single trust; have the same named plan administrators, trustees and fiduciaries; offer the same investments to all participants; and do not hold employer securities.
Retirement savings "lost and found" (§303) Mandatory	Establishes a national online searchable database that will be managed by the DOL and will allow individuals to locate the plan administrator of any plan in which they are a participant or beneficiary with a balance in a plan. **Affected plan types:** ERISA 401(a), 401(k), and 403(b) plans **Effective:** No later than two years after December 29, 2022	• Must be established within two years after December 29, 2022. Additional detail will be provided as it is made available by the DOL and Treasury.

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Exclusion of certain disability-related first responder treatment payments (§309) Optional/Other	First responders may now exclude pension or annuity payments received in connection with the individual's service as a law enforcement officer, firefighter, paramedic, or emergency medical technician from gross income, subject to an annual limit that cannot exceed the amount of workers' compensation payments received by the individual during the 12-month period immediately preceding the date on which the individual attains retirement age. The taxpayer will need to seek exclusion of such payments from gross income in his or her tax filing. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), governmental 457(b) **Effective:** Amounts received in taxable years beginning after December 31, 2026	• Refer participants to their tax professional to determine any tax implications
Paper benefit statement requirement (§338) Mandatory	Subject to certain exceptions, Defined Contribution plans are required to deliver paper retirement benefit statements to participants at least once a year, and, for Defined Benefit plans, once every three years. Participants may elect to receive all statements electronically. The other three quarterly statements required for ERISA-covered plans can be provided electronically. **Affected plan types:** ERISA 401(a), 401(k), and 403(b) Defined Contribution plans, 401(a) Defined Benefit plans **Effective:** The Labor Secretary must update the relevant sections of their regulations and corresponding guidance by December 31, 2024, and the annual paper statement is effective for plan years beginning after December 31, 2025	• TIAA offers both electronic and paper statement options • Additional detail will be provided as it is made available by the DOL

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Application of top–heavy rules to excludable employees (§310) Optional/Other	Allows an employer/plan sponsor of Defined Contribution plans to exclude employees who have not met the minimum statutory age or service requirements from consideration when performing the top-heavy test. **Affected plan types:** 401(a), 401(k) **Effective:** Plan years beginning after December 31, 2023	• Work with your nondiscrimination testing provider to confirm how testing is being performed and to understand any potential impact for your plan
Consolidation of Defined Contribution plan notices (§341) Optional/Other	The Treasury and DOL will adopt regulations to permit a plan, but not require it, to consolidate certain required plan notices. Any consolidated notice must include the required content, clearly identify the issues, and be furnished at a time and frequency as required by each respective notice. **Affected plan types:** ERISA 401(a), 401(k) and 403(b) plans **Effective:** Not later than two years after December 29, 2022	• Additional detail will be provided as it is made available by the DOL and Treasury
Safe harbor for correcting employee elective deferral failures (§350) Optional/Other	Ensures that certain plans or arrangements have a "safe harbor" for correcting failures related to an automatic contribution feature, subject to certain requirements. Generally, errors must be corrected the earlier of 9½ months after the end of the plan year, or the first compensation payment day on or after the last day of the month in which the employee notified the employer of the error. **Affected plan types:** 401(a), 401(k), 403(b), governmental 457(b) **Effective:** Applicable to errors with a required correction date after December 31, 2023	• No plan sponsor action is required unless there is a failure related to an automatic contribution feature • This relief is only available to plan sponsors with an automatic contribution feature under the terms of their plan • If there is an operational failure related to an automatic contribution feature, consult with your legal counsel to determine if this relief is available

Provision (Section number) Mandatory / Optional/Other	Description	Plan sponsor considerations/comments
Provision = Multiple employer plan (MEPs) (§106) Optional/Other	Permits 403(b) plan sponsors to join together under a single, multiple employer plan (MEP) or pooled employer plan (PEP). Relief from the "one bad apple" rule is included, protecting the tax treatment of compliant employers from the violations of any one employer in the group. **Affected plan type:** 403(b) **Effective:** Plan years beginning after December 31, 2022	• Transitioning to an MEP/PEP structure may simplify plan administration • Please reach out to your TIAA representative for more details

Provision (Section number) Mandatory / Optional/Other	Description

Participant tax exceptions for specific distributions

For the below provisions, plan sponsors should refer their participants to their tax professional to determine any tax implications.

Provision	Description
Distribution to firefighters (§308) Mandatory	The special rule for "qualified public safety employees" extends the exception from the 10% additional tax available to qualified public safety employees to a distribution made from a 401(a), 403(a), or 403(b) plan to an employee who provides firefighting services even if not employed in the public sector after the employee attains the age of 50 and separates from service. The taxpayer should consult with their tax professional to seek exception to the penalty tax in their tax filing. **Affected plan types:** 401(a), 401(k), 403(a), 403(b) plans sponsored by private entities **Effective:** Distributions made after December 29, 2022
Substantially equal periodic payment rule (§323) Mandatory	The exception to the 10% additional tax on substantially equal periodic payments that commence prior to age 59½ is not necessarily violated by a tax-free rollover, transfer or exchange to another eligible arrangement after the substantially equal periodic payments have commenced, as long as the combined distributions from the old and new arrangements continue to satisfy the exception. The taxpayer should consult with their tax professional to seek exception to the penalty tax in their tax filing. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), IRAs **Effective:** December 29, 2022, for annuity distributions, December 31, 2023, for transfers, rollovers and exchanges
Exception to penalty for individuals with a terminal illness (§326) Mandatory	An exception to the 10% early withdrawal tax is provided in the case of a distribution to a terminally ill individual. A physician must certify that the participant is terminally ill prior to the distribution being made. The taxpayer should consult with their tax professional to seek exception to the penalty tax in their tax filing. **Affected plan types:** 401(a), 401(k), 403(a), 403(b), IRAs **Effective:** Distributions made after December 29, 2022

Provision (Section number) Mandatory / Optional/Other	Description
Repeal of direct payment requirement on exclusion from gross income of distributions from governmental plans for health and long-term care insurance (§328) Mandatory	There is no longer a requirement for a governmental plan to pay health insurance premiums for a public safety officer directly to the insurer in order to exclude such amounts from gross income. Under the new provision, the exclusion may apply whether or not the payments are made directly to the health plan or insurer. The taxpayer should consult with their tax professional to seek the exclusion in their tax filing. **Affected plan types:** Governmental 401(a), 401(k), 403(a), 403(b), 457(b) **Effective:** Distributions made after December 29, 2022
Modify eligible age for exemption from early withdrawal penalty (§329) Mandatory	The exception to the 10% additional tax on distributions prior to age 59½, which applies to a distribution from a governmental plan to a public safety officer who is at least age 50, is extended to include public safety officers with at least 25 years of service with the employer sponsoring the plan. The taxpayer will need to seek the exception to the penalty tax exception in his or her tax filing. **Affected plan types:** Governmental 401(a), 401(k), 403(a), 403(b) **Effective:** Distributions made after December 29, 2022
Exemption from penalty for corrections employees (§330) Mandatory	The public safety officer exception to the additional 10% tax on early distributions is extended to include any employer of a state or political subdivision of a state who provides services as a corrections officer or as a forensic security employee providing for the care, custody, and control of forensic patients. The taxpayer will need to seek the penalty tax exception in his or her tax filing. **Affected plan types:** Governmental 401(a), 401(k), 403(a), 403(b) **Effective:** Distributions made after December 29, 2022

Timeline of key provisions impacting Defined Contribution plans

While these features are effective as of the dates listed below, some are mandatory, others are not. For some of the provisions, additional guidance is expected while for other provisions additional guidance is required. Please take into consideration all of the information when consulting your legal counsel and determining what is appropriate for your plan(s).

Retroactive (2021)

- Use of retirement funds in connection with federally declared disasters (§331)

Enact (Dec 29, 2022)

- Enhancement of 403(b) plans (§128)
- Recovery of retirement plan overpayments (§301)
- Expansion of Employee Plans Compliance Resolution System (§305)
- Distribution to firefighters (§308)
- Qualified birth or adoption distributions (QBADs) repayment (§311)
- Substantially equal periodic payment rule (§323)
- Exception to penalty for individuals with a terminal illness (§326)
- Repeal of direct payment requirement on exclusion from gross income of distributions from governmental plans for health and long-term care insurance (§328)
- Modify eligible age for exemption from early withdrawal penalty (§329)
- Exemption from penalty for corrections employees (§330)
- Annual audits for group of plans (§345)
- Plan amendments (§501)
- Optional treatment of employer matching and/or nonelective contributions as Roth contributions (§604)

2023

- Multiple employer plans (MEPs) (§106)
- Required minimum distribution (RMD) age increase (§107)
- Exemption for certain automatic portability transactions (§120)
- Remove RMD barriers of life annuities (§201)
- Eliminate partial annuitization penalty (§204)
- Reduction in excise tax (§302)
- Eliminate the “first day of the month” requirement for governmental section 457(b) plans (§306)
- Employee certifying hardship (§312)
- “Unenrolled” participant disclosures (§320)
- RMD rules for special needs trust (§337)
- Recognition of tribal government domestic relations orders (§339)

2024

- Student loan payments eligible for matching contributions (§110)
- Penalty-free withdrawals for certain emergency expenses (§115)
- Emergency savings accounts linked to individual account plans (§127)
- Retirement savings “lost and found” (§303)
- Updating dollar limit for mandatory distributions (§304)
- Application of top-heavy rules to excludable employees (§310)
- Penalty-free withdrawal from retirement plans for individual case of domestic abuse (§314)
- Roth plan distribution rules (§325)
- Surviving spouse election to be treated as employee (§327)
- Consolidation of Defined Contribution plan notices (§341)
- Safe harbor for correcting employee elective deferral failures (§350)
- Aligning 403(b) and 401(k) hardship distribution rules (§602)
- Elective deferrals generally limited to regular contribution limit (§603)

2025

- Auto-enrollment in new retirement plans (§101)
- Improving coverage for part-time workers (§125)
- Higher catch-up contributions for ages 60–63 (§109)
- Long-term care contracts purchased with retirement plan distributions (§334)

2026+

- Exclusion of certain disability-related first responder treatment payments (§309)
- Paper benefit statement requirement (§338)

TIAA remains committed to helping you better understand the new SECURE 2.0 Act provisions—whether mandatory or optional.

Visit and bookmark **TIAA.org/SecureAct2** for regular updates and information. We are here to support you every step of the way.

Contact your TIAA Relationship Manager or Consultant Relations Director if you have any questions or would like to discuss the SECURE 2.0 Act in more detail. If you are served exclusively by the Administrator Telephone Center, call **888-842-7782**, weekdays, 8 a.m. to 8 p.m. (ET).

GGN-3008585PP-Q0723X 7/2023