



Wespath

BENEFITS | INVESTMENTS

SECURE 2.0 Act

Conference Forum | April 2023



SECURE 2.0 At a Glance

- SECURE: **S**etting **E**very **C**ommunity **U**p for **R**etirement **E**nhancement
 - First SECURE Act: enacted in late 2019
 - This is **Part 2**
- Part of bigger “Consolidated Appropriations Act, 2023”
- **92 new provisions**
- Many do not apply to Wespath plans:
 - Cover ERISA plans
 - Applicable to retirement plans/accounts not administered by Wespath (such as IRAs)
 - For-profit tax credits
 - Other unique categories
 - Example—rural electric cooperatives, firefighters, first responders



SECURE 2.0 At a Glance (cont.)

- Required changes to plans and day-to-day administration
 - Wespath project to update our systems
 - Plan amendments required by December 31, 2025
- Required changes to errors and corrections
 - Changes to policies
- Optional changes (plans may or may not choose to adopt)

Provisions have varying effective dates between “immediate” and 2033



SECURE 2.0 Required Changes

Required minimum distribution (RMD) age	<ul style="list-style-type: none">• Increased to 73 (for those turning 72 after 2022)• Increases to 75 (for those born after 1958)
Roth accounts	Effective 2024: <ul style="list-style-type: none">• No longer subject to RMDs before participant's death• Roth account RMD treatment same as IRAs
Surviving spouse	Effective 2024 <ul style="list-style-type: none">• May treat account as own for RMD purposes• Surviving spouse may be able to wait longer to start RMDs• Retirement account RMD treatment same as IRAs
Catch-up contributions	Effective 2024 <ul style="list-style-type: none">• Must be on a Roth basis for higher earners (above \$145,000 in FICA (Social Security) wages)

SECURE 2.0 Required Changes (cont.)

Catch-up limit	Effective 2025 <ul style="list-style-type: none">• Increase for ages 60-63 (150% of age 50 catch-up amount)
Qualified longevity annuity contract (QLAC)	Effective immediately <ul style="list-style-type: none">• Limits raised: \$200,000 of account balance• 25% of account balance limitation repealed
Recovery of Overpayments	Effective immediately <ul style="list-style-type: none">• Plan sponsors may opt to not collect an overpayment• Overpayments rolled over will remain valid
Reduction in Late RMD Excise Tax	Effective 2023 <ul style="list-style-type: none">• Excise tax reduced from 50% to 25% and further to 10% if corrected in a timely fashion

SECURE 2.0 Provisions Optional for Plans

- **New types of distributions**
 - Distributions for victims of domestic violence
 - Withdrawals for personal emergency expenses
 - Qualified birth or adoption distributions (QBADs)*
 - Qualified federally declared disaster distributions*
- **Contribution incentives**
- **Roth treatment of employer matching/nonelective contributions****
 - Increased interest in Roth accounts due to change in RMD rules
 - Effective 2023

*Already permitted under existing law

** Under consideration for Compass, PIP, and Horizon 401(k)



SECURE 2.0 Provisions Optional for Plans (cont.)

Hardship withdrawal rules liberalized*	<ul style="list-style-type: none">• Act permits 403(b) hardships to be made from employer contribution accounts, similar to 401(k) plan rules• Participants may self-certify that they are eligible for a hardship withdrawal
Matching student loan payments*	<ul style="list-style-type: none">• Sponsors may match qualified student loan payments• Participants may self-certify such payments annually
SAVER's credit becomes SAVER's match	<ul style="list-style-type: none">• Optional for plan sponsors to accept such matching contributions from U.S. Treasury

* Under consideration for Compass, PIP, and Horizon 401(k)



SECURE 2.0 Provisions Not Applicable to Wespath Plans

- Automatic enrollment and auto escalation for new plans*
- Required coverage for part-time workers
- Paper plan statements
- Retirement savings lost and found
- Multiple employer plans (MEPs) and “one bad apple” rule exemption*
- Elimination of plan requirements for unenrolled participants

* Wespath worked with Church Alliance to obtain/reflect church plan exemption





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Appendix: Current SAVER's Credit Info

Saver's Credit Income Thresholds for 2023

Credit	Adjusted Gross Income		
	Single Filers	Head of Household	Joint Filers
50% of contribution	\$0-\$21,750	\$0-\$32,650	\$0-\$43,500
20% of contribution	\$21,751-\$23,750	\$32,651-\$35,625	\$43,501-\$47,500
10% of contribution	\$23,751-\$36,500	\$35,626-\$54,750	\$47,501-\$73,000
No credit	More than \$36,500	More than \$54,750	More than \$73,000

Maximum credit \$1,000 (\$2,000 for joint filers)

