



The SECURE 2.0 Act Guide

An overview of the provisions, key details,
and practical considerations



Introduction

On December 29, 2022, President Biden signed into law the SECURE 2.0 Act of 2022 (SECURE 2.0). This occurred as part of the passage of the Consolidated Appropriations Act, 2023, a federal government spending package. The bipartisan legislation builds on the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE 1.0), retirement legislation signed into law at the end of 2019, and includes reforms that seek to expand retirement coverage and savings. The new law includes both required and optional changes to defined contribution (DC) and defined benefit (DB) plans, and the effective dates vary across the provisions.

This guide provides a high-level summary of the key DC and DB plan provisions for workplace retirement plans and includes the SECURE 2.0 section reference, the name (which may have been modified for clarity), a short summary, the identification of the affected plan types, whether the provision is mandatory or optional, the effective date, and some practical considerations and comments. The provisions apply to ERISA and non-ERISA plans unless otherwise noted. The guide is divided into the following categories:

- Contributions
- Corrections
- Disclosures and notices
- Distributions and/or exceptions to the additional tax on early distributions
- Expanding coverage
- Miscellaneous
- Plan design
- Required minimum distributions
- Taxes and tax credits
- Testing and reporting

The plan type abbreviations in the chart have the following meanings:

401(a) PS: Defined contribution profit-sharing plan	ESOP: Employee stock ownership plan
401(k): Profit-sharing plan with a salary deferral feature	Governmental Plan: Plan established and maintained for its employees by a governmental entity, or agency or instrumentality thereof
403(b): Defined contribution plan offered by public schools and certain 501(c)(3) tax-exempt organizations	Gov’t 457(b): Deferred compensation plan offered by certain state and local governments
403(b)(9): Type of 403(b) church plan	IRA: Individual retirement account or individual retirement annuity
409A: Non-qualified deferred compensation plan	MP: Defined contribution money purchase plan
457(f): Deferred compensation plan offered by certain state and local governments and tax-exempt organizations	Non-ERISA: Plans that are not subject to Title 1 of ERISA (includes governmental plans, non-electing church plans, 403(b) plans exempt from ERISA under the DOL safe harbor and single-participant 401(k) plans)
Church plan: Plan established and maintained by a faith-based organization	Non-gov’t 457(b): Deferred compensation plan offered by certain tax-exempt organizations
DB: Defined benefit plan	PEP: Pooled employer plan
ERISA: Employee Retirement Income Security Act	

The SECURE 2.0 deadline for amending plan documents has been extended to give plan sponsors and regulatory agencies additional time to clarify administrative details that must be included in the plan amendment. The Notice sets a new deadline of December 31, 2026, for qualified plans, but December 31, 2028, for collectively bargained plans and generally December 31, 2029, for governmental plans. The applicability of SECURE 2.0 provisions to Puerto Rico–only qualified plans varies.

Some plan provisions, products, and services described are not available to all employers. Roles and responsibilities may differ based on your plan design. The Fidelity Advantage 401(k) is a pooled employer plan (PEP) where Fidelity is the Pooled Plan Provider and plan sponsor. For this product, Fidelity is responsible for managing most aspects of the SECURE 2.0 provisions and any necessary documentation changes. Fidelity 3(16) and Flex® are product and service offerings where Fidelity provides plan administration support and may determine that SECURE 2.0 optional provisions are not permitted. Fidelity does not provide legal or tax advice, and plan sponsors should discuss any potential plan design changes with their legal counsel and encourage participants to consult with their tax advisors on how these changes may impact their plan.

If your organization uses multiple retirement plan providers, then please be aware that each provider may take different approaches to these provisions.



Guide overview and key information

Provisions Requiring Guidance and Clarification

We have identified a number of provisions that will likely require further guidance and clarification from various federal agencies and/or technical corrections or through legislation by Congress.

- Age 50 catch-up contributions must be Roth for certain participants
- Long-term, part-time eligibility
- Top-heavy rule modifications
- Long-term care contracts purchased with retirement plan distributions
- 403(b) plan investments in collective investment trusts (CITs)
- Lump-sum disclosures




Visit the [SECURE 2.0 Resource Center](#) for updates on regulatory guidance and the implementation status of provisions.

Participant resources are available on the [SECURE 2.0 Act Participant Resources](#).

Important: Fidelity's implementation of SECURE 2.0 is based on several factors, including plan design and fit criteria. Information, timing, and products referenced may not be available to all plans. We encourage plan sponsors to discuss their specific plan with their Fidelity representative.

Key provisions with effective dates in 2025, 2026, and 2027


Contributions

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or Optional	Effective date	Practical considerations and/or implementation status
109	Higher catch-up limit for participants ages 60–63	<p>Under current law, employees who attained age 50 are permitted to make catch-up contributions under a retirement plan in excess of the otherwise applicable salary deferral limit (\$23,500 for 2025). The limit on age 50 catch-up contributions for 2025 is \$7,500. The new law increases the limit for employees aged 60, 61, 62, and 63 who participate in the plan. For 2025, this higher catch-up contribution limit is \$11,250* instead of \$7,500.</p> <p>*The greater of (1) \$10,000 (indexed) or (2) 150% of the regular catch-up contribution.</p>	401(k), 403(b), Gov’t 457(b)	 if catch-up contributions are offered	Taxable years beginning after December 31, 2024	<p>Fidelity has enhanced its existing catch-up service offering capabilities and experiences to account for the incremental catch-up tier. Payroll providers are responsible for monitoring their existing catch-up limits and related contribution remittance capabilities. This change does not impact additional catch-up contributions, which may be available to certain participants in 403(b) and 457(b) plans.</p> <p>Implementation status:</p> <p>Fidelity has updated its process, procedures, communications, and systems. Payroll providers will continue to monitor deferral limits for all participants, including the additional limit for those aged 60–63.</p> <p>Fidelity has added the age 60–63 higher catch-up contribution limit to any plan that already includes regular catch-up contributions unless the plan chose to opt out during the 2024 rollout campaign.</p> <p>Plan sponsors should discuss any specific impact to their plan with counsel and actively engage with their payroll provider to confirm their readiness to support the age 60–63 higher catch-up contribution limit by the effective date.</p>
603 	Age 50 catch-up contributions must be Roth for certain participants	<p>If age 50 catch-up contributions are permitted under the plan and the plan offers Roth, then the contributions must be made on a Roth basis for employees whose wages from the same employer (as defined for Social Security FICA tax purposes) were greater than \$145,000 (indexed) in the prior calendar year.</p>	401(k), 403(b), Gov’t 457(b)	 if catch-up and Roth contributions are offered	Taxable years beginning after December 31, 2025	<p>Plans that offer catch-up contributions and do not currently offer Roth must adopt Roth contributions in order to permit participants over the \$145,000 FICA wage threshold to make catch-up contributions. Plans that intend to support this Roth mandate must offer Roth contributions to all participants.</p> <p>Plans that offer catch-up contributions and do not currently offer Roth but elect not to adopt Roth contributions must restrict catch-up contributions to participants under the \$145,000 FICA wage threshold. Participants over the \$145,000 FICA wage threshold are not permitted to make catch-up contributions <i>of any kind</i>.</p> <p>Implementation status:</p> <p>The IRS released guidance in August 2023 providing a two-year administrative transition period delaying the implementation date to January 1, 2026. Additional proposed guidance was released January 10, 2025.</p> <p>Fidelity will provide additional details on adding Roth sources to plans that do not currently offer Roth (plan configuration update) in the future.</p> <p>Fidelity is developing its product and service offering, which requires integration between the plan sponsor, payroll providers, and Fidelity to create the best participant experience. This includes leveraging a new Roth Catch-up Required (RCR) indicator that defines which participants are above or below the \$145,000 (indexed) wage threshold. Fidelity is assessing the most recent guidance to inform potential modifications to our product offering. We are continuing outreach to payroll providers to make sure we offer seamless integration.</p> <p>Additional information available in SECURE 2.0 article series.</p>



Contributions (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
103	Saver’s match	A Federal matching contribution that replaces the Saver’s Credit. The Saver’s Match must be deposited into an IRA or retirement plan; the match is up to \$2,000 per individual and 50% of IRA or retirement plan contributions.	401(k), 402(b), 457(b), SIMPLE IRAs, SEP Plans (also IRAs—traditional and Roth)		Taxable years beginning after December 31, 2026	Currently assessing with industry groups and the U.S. Department of the Treasury/IRS.



Disclosures and notices

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
338	Annual paper statement requirement	Requires the provision of a paper benefit statement at least once annually for a DC plan and at least once every three years for a DB plan, unless the participant is covered by the 2002 e-delivery safe harbor or otherwise affirmatively consents. The DOL is directed to amend the 2002 e-delivery rule to require a one-time paper notice before any disclosure may be sent electronically after the effective date.	DB, 401(a) PS, 401(k), MP, 403(b)		Plan years beginning after December 31, 2025	This requirement applies to ERISA-covered plans only. Implementation status: Fidelity will implement by the effective date of December 31, 2025.

Distributions and/or exceptions to the additional tax on early distributions

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
334 	Long-term care contracts purchased with retirement plan distributions	Plans can allow distributions for the purchase of “certified long-term care insurance” premiums for an employee, the employee’s spouse, and other qualifying family members. The distributions will not be subject to the 10% early withdrawal penalty. The amount paid or assessed to the participant for the long-term care premium is limited to the lesser of 10% of the participant’s vested account balance or \$2,500 (indexed after 2024). The participant must file a premium statement with the plan administrator that includes the required information.	401(a) PS, 401(k), 403(b), Gov’t 457(b)		December 30, 2025	Implementation status: Fidelity is still awaiting guidance for a definition of “certified long-term care insurance.”

Expanding coverage



SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
125 	Long-term, part-time eligibility	<p>There were two changes to the long-term, part-time employee provision, one for 401(k) plans for the 2024 plan year and another for both 401(k) and 403(b) plans subject to ERISA for 2025 and subsequent plan years.</p> <p>For the plan year beginning in 2024 for 401(k) plans:* Service prior to 2021 is disregarded for vesting purposes so that the eligibility and vesting service requirements are harmonized. This change means that 401(k) plans in effect before 2021 will be subject to the three-year eligibility service requirement for the 2024 plan year, and the vesting service before 2021 will be disregarded. The three-year eligibility requirement will be reduced to two years beginning with the 2025 plan year. This does not change the other requirements that an employer can determine if it wants to offer any long-term, part-time employees any employer contributions and/or include them in certain nondiscrimination tests.</p> <p>*Includes Puerto Rico dual-qualified plans.</p> <p>For plan years beginning in 2025 for 401(k) and 403(b) plans subject to ERISA:*</p> <p>401(k) plans: Expands plan eligibility for long-term, part-time workers after two years of service, except in the case of collectively bargained plans. Employers maintaining a 401(k) plan may need a dual eligibility requirement under which an employee must complete either a one-year-of-service requirement (1,000 hours of service during the 12-month eligibility service computation period) or two consecutive years of service where the employee completes at least 500 hours of service in a 12-month eligibility service computation period. Service prior to 2021 remains disregarded for vesting purposes. This does not change the other requirements that an employer can determine if it wants to offer any long-term, part-time employees any employer contributions and/or include them in certain nondiscrimination tests.</p> <p>403(b) plans subject to ERISA: This provision also extends the long-term, part-time coverage rules to 403(b) plans that are subject to ERISA. The two-year eligibility and vesting service requirement will apply to these 403(b) plans starting in 2025. Service prior to 2023 is disregarded for vesting purposes so that the eligibility and vesting service requirements are harmonized. This does not change the other requirements that an employer can determine if they want to offer any long-term, part-time employees any employer contributions and/or include them in certain nondiscrimination tests.</p> <p>*Includes Puerto Rico-only plans.</p>	401(k), 403(b)		See the summary for the effective dates	<p>Implementation status:</p> <p>SECURE 1.0 Act</p> <p>401(k) plans: Fidelity has updated our processes, procedures, and systems as of January 1, 2024. We sent educational information in 2022 and 2023 to 401(k) plan sponsors subject to the original SECURE 1.0 Act long-term, part-time provision.</p> <p>SECURE 2.0 Act</p> <p>403(b) plans: This requirement applies only to ERISA-covered 403(b) plans. Plan sponsors relying on the part-time employee (regularly scheduled to work less than 20 hours) or the student employee exceptions to the universal availability requirement may need to start tracking those employees’ hours in 2023 for purposes of complying with this rule in 2025. IRS Notice 2024-73 provided clarification that the rule does not apply to the student exclusion. Additional data requirements (hour tracking) may be needed depending on the guidance and prior inclusion/exclusion from the plan.</p> <p>401(k) plans and 403(b) plans subject to ERISA: Fidelity has updated our processes, procedures, and systems to support the change from the three-consecutive-years to two-consecutive-years requirement beginning in the 2025 plan year.</p> <p>In late 2023, the IRS released proposed regulations for the implementation of the long-term, part-time employee provision. The industry is awaiting the IRS to issue final regulations, including the application vesting rules Learn more.</p> <p>Additional information available in SECURE 2.0 article series.</p>

Expanding coverage (cont.)





SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
101	Automatic enrollment requirement for new plans	<p>New 401(k) and 403(b) plans established after the date of enactment are required to include the following, beginning in plan years after December 31, 2024:</p> <ul style="list-style-type: none">(1) an eligible automatic contribution arrangement with automatic enrollment at a minimum of 3% and a maximum of 10%;(2) an automatic escalation at 1 percentage point per year, up to at least 10%;(3) permissive withdrawal of elective contributions within 90 days after contribution; and(4) a qualified default investment alternative (QDIA) investment option into which contributions must be invested. <p>For safe harbor plans, the cap on permissible automatic escalation would be 15%, but for non-safe-harbor plans it would be 10% before 2025, and 15% for 2025 and later. However, plans in existence on the date of enactment are grandfathered.</p> <p>There are exceptions for governmental plans, church plans, employers with 10 or fewer employees, and new businesses that have not been in existence for three years. For purposes of the grandfather and exceptions, each employer in a PEP or MEP would be treated as maintaining a separate plan, so that, for example, a new employer joining a preenactment PEP or MEP would not be grandfathered.</p>	401(k), 403(b)	<div>M</div>	Plan years beginning after December 31, 2024	<p>The IRS issued Notice 2024-2 (SECURE 2.0 Grab Bag), which identified that new 401(k) and 403(b) plans established before December 29, 2022, are not subject to the automatic enrollment and auto escalation requirements. A plan is “established” on the date that the plan terms were adopted even if they did not become effective until a later date. The notice provides various examples involving corporate transactions (e.g., mergers, spin-offs) of plans that were in effect before and after December 29, 2022.</p> <p>Implementation status: Fidelity has updated the impacted 401(k) and 403(b) plans, including the Fidelity Pooled Employer Plan. Clients must work with their counsel to determine if their plan is impacted. Fidelity does not have a definitive way to make that determination. Impacted plans must be updated to meet the statutory requirements. Learn more.</p>

Key provisions with effective dates in 2021 (retroactive), 2022, 2023, and 2024


Contributions

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
604	Participants may elect Roth treatment for matching and nonelective contributions	Employers may permit employees to elect all or some of their matching and nonelective contributions to be treated as Roth contributions.	401(a), 401(k), 403(b), Gov’t 457(b)		As of December 29, 2022	<p>The IRS issued Notice 2024-2 (SECURE 2.0 Grab Bag) that provides more information on the key issues:</p> <p>Employer contributions treated as Roth are not “wages,” so they are exempt from income tax withholding and are not subject to Federal Insurance Contributions Act (FICA) or Federal Unemployment Tax Act (FUTA); however, FICA may apply to governmental 457(b) plan contributions in some states.</p> <p>A plan sponsor can choose which type of employer contributions may be elected as Roth. Participants must be 100% fully vested in the employer contributions that will be treated as Roth. Elections can be made in whole or in part for company match and/or nonelective employer contributions.</p> <p>An employer contribution treated as a Roth contribution will be treated as income using IRS Form 1099-R, like a Roth in-plan conversion. The contribution will be taxable to the participant in the year that the contribution is allocated to their account. A participant may need to increase their income tax withholding from their wages or make estimated tax payments to cover any potential income tax liability that is reported on IRS Form 1099-R.</p> <p>Implementation status: Based on guidance, Fidelity has identified a potential design to support, but due to SECURE 2.0 mandatory provisions and low demand, Fidelity is pending implementation. In the interim, a plan sponsor may want to consider adding Fidelity’s Roth in-plan conversion service to allow an employee to convert all or part of their match or non-elective contributions to Roth.</p>
110	Student loan payments	Allows plan sponsors to provide match contributions based on the combination of employee deferrals and qualified student loan payments. This can be adopted by any plan type with a deferral-based employer match. For purposes of nondiscrimination testing, student loan payments are not included as deferrals for actual deferral percentage (ADP) testing. The match, regardless of deferral or student loan, counts toward actual contribution percentage (ACP). Employees participating in the student debt match can be tested inclusive of the population or independently, whichever is more favorable.	401(k), 403(b), Gov’t 457(b)		Plan years beginning after December 31, 2023	<p>Fidelity currently offers Student Debt Retirement, a budget-friendly benefit that helps employees pay down their student loans while saving for the future.</p> <p>Implementation status: Fidelity implemented a significant number of employers on January 1, 2024, under the SECURE 2.0 design with additional clients going live each month.</p> <p>Please contact your Fidelity representative to determine what is available to your employees with student debt or visit Student Debt Retirement for more information.</p>



Disclosures and notices

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
343	Annual funding notice changes	Defined benefit pension plan Annual Funding Notice (AFN) would be based entirely on year-end spot interest rates and actual asset values (i.e., no smoothing).	DB		Plan years beginning after December 31, 2023	Consult with your plan’s actuary for more information.
320	Disclosures for eligible unenrolled participants	Eliminates the requirement to send certain plan disclosures to employees who are eligible but have elected not to participate in the plan (unenrolled participants who received all required notices, including the summary plan description, in connection with initial eligibility under the plan). An annual reminder notice is required.	401(a) PS, 401(k), MP, 403(b)		Plan years beginning after December 31, 2022	<p>This change applies to ERISA-covered plans only.</p> <p>Implementation status: Initial enablement of the offering for targeted plan sponsors occurred in September 2024. Communication to targeted plan sponsors was distributed in mid-July informing them of the offering.</p> <p>Additional information available in SECURE 2.0 article series.</p>
342 	Lump-sum disclosures	Requires pension plan administrators to provide plan participants and retirees with information to enable comparison between benefits offered under the plan and a lump-sum, and would explain how the lump-sum was calculated, the ramifications of accepting a lump-sum (such as the loss of certain federal protections), details about the election period, where to follow up with questions, and other information.	DB	 pending guidance	Effective once rules are issued jointly by IRS and DOL, which shall not be earlier than one year after December 29, 2022	<p>This requirement applies to ERISA-covered plans only.</p> <p>Implementation status: Pending regulatory guidance.</p>




Corrections

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
301	Recouping Overpayments	Allows plan fiduciaries to decide to not recoup inadvertent benefit overpayments from participants and beneficiaries if they were inadvertently overpaid from their retirement plans. However, if the plan fiduciary chooses to recoup overpayments, restrictions apply, including a new statute of limitations and limits on recoupment amounts, and the trust must be made whole unless it is fully funded.	DB, 401(a) PS, 401(k), MP, 403(b)	 Optional recovery with mandatory restrictions	December 29, 2022, but relief for certain overpayment recoupment actions that began before that date based on existing administrative guidance	<p>This change applies to ERISA-covered plans only.</p> <p>Implementation status: Fidelity’s best practices have been documented within the standard procedure guide. Client service teams continue to work with plan sponsors to document any custom recovery procedures and contracts where necessary.</p>



Distributions and/or exceptions to the additional tax on early distributions

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
304	Increase in cash-out limit	Increases the current dollar limit on amounts that may be transferred from former participants' retirement plan accounts to an individual retirement account (IRA) without consent from \$5,000 to \$7,000.	DB, 401(a) PS, 401(k), MP, 403(b)		Distributions made after December 31, 2023	<p>Plan documents with a \$5,000 limit were notified of the increase to \$7,000. DC plan sponsors were offered an opportunity to opt out. For plan sponsors with DB plans, client service teams presented the option to amend the plan to increase the limit. Plans are not required to implement the increase.</p> <p>Governmental plans and church plans are not subject to this limit but can choose to adopt it as a best practice.</p> <p>Implementation status:</p> <p>Defined contribution: Fidelity sent a notification on September 27, 2023, to defined contribution plans that use Fidelity's Auto De Minimis service and feature a \$5,000 cash-out limit, informing them that the limit will increase to \$7,000, effective January 1, 2024. Fidelity will not increase the limit or send a notification to any plans that do not use Fidelity's Auto De Minimis service or have a lower than \$5,000 cash-out limit—they will remain as is.</p> <p>Defined benefit: Due to the optional nature of the provision and not all plan sponsors wanting to adopt it, the DB team is handling limit increases as a corporate action. Given that this is an optional provision, we anticipate these updates continuing into 2024 and beyond as plan sponsors make decisions.</p>
602	Hardship withdrawal rules for 403(b) plans	Harmonizes the 403(b) plan and 401(k) plan hardship withdrawal rules by permitting 403(b) plan participants to receive hardship distributions from (1) salary reduction contributions; (2) QNECs; (3) QMACs; and (4) the earnings on salary reduction contributions, QNECs, and QMACs, regardless of whether the amounts are held in a 403(b)(1) annuity contract or a 403(b)(7) custodial account. Confirms that 403(b) plan participants are not required to take available loans before obtaining a hardship distribution.	403(b)		Plan years beginning after December 31, 2023	<p>Determine whether you want to expand the amounts eligible for hardship. Fidelity's best practice will be to allow access to earnings on elective deferral amounts for hardship withdrawals.</p> <p>Implementation status:</p> <p>Fidelity has implemented this change for eligible 403(b) plans that did not opt out.</p> <p>Additional information available in SECURE 2.0 article series.</p>


Distributions and/or exceptions to the additional tax on early distributions (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
314	Eligible distributions for domestic abuse victims	Allows retirement plans to permit participants who are victims of domestic abuse to self-certify their status and request a distribution for up to the lesser of \$10,300, indexed for inflation, or 50% of the participant's vested account. The distribution is not subject to the 10% additional tax on early distributions. A participant can repay the withdrawn money from the retirement plan within three years.	401(a) PS, 401(k), 403(b), Gov't 457(b)		Distributions made after December 31, 2023	Implementation status: Plan sponsors should consider whether they would like to offer this optional withdrawal in their plan. In June 2024, Fidelity sent a communication with an election form to plan sponsors to add optional withdrawals to eligible plans in Q4 2024 and early 2025. The optional withdrawals can still be added by contacting your Fidelity representative to discuss a 2025 implementation date. Note that this withdrawal will not be offered to any plan if the entire plan or any contribution source(s) is (are) subject to spousal consent requirements. Additional information available in SECURE 2.0 article series .
312	Self-certification of hardship and unforeseeable emergency distributions	Hardship distributions: Permits 401(k) and 403(b) plan administrators to rely on an employee's self-certification (unless they have knowledge to the contrary) of an immediate and heavy financial need, that the distribution is not in excess of the amount required to satisfy the need, and that a distribution is being made on account of one of the seven safe harbor hardship withdrawal reasons. A plan administrator is not required to substantiate the hardship by collecting source documents. Unforeseeable emergency distributions: Permits administrators of governmental 457(b) plans to rely on an employee's certification (unless they have knowledge to the contrary) that the employee is faced with an unforeseeable emergency of a type that is described in the IRS regulations, the amount of the distribution is not in excess of the amount reasonably necessary to satisfy the emergency need, and the employee has no alternative means reasonably available to satisfy such emergency need. A plan administrator is not required to substantiate the unforeseeable emergency by collecting source documents.	401(k), 403(b), Gov't 457(b)		Plan years beginning after December 29, 2022	Implementation status: Hardship distributions: Fidelity's current e-certified hardship withdrawal service is based on the IRS guidelines that were issued in 2017 that are now part of the Internal Revenue Manual. Determine whether you want to add Fidelity's current e-certified hardship withdrawal service to your 401(k) or 403(b) plan. Please contact your Fidelity representative. Unforeseeable emergency distributions: Fidelity now offers a self-certified Unforeseeable Emergency Distribution by phone. Please contact your Fidelity representative for more information. Additional information available in SECURE 2.0 article series .
115	Withdrawals for emergency expenses	Allows retirement plans to permit participants to self-certify to request distributions for unforeseeable or immediate financial needs for necessary personal or family emergency expenses. The distribution is not subject to the 10% additional tax on early distributions. Withdrawals are limited to one per calendar year for the lesser of \$1,000 (this limit is not indexed for inflation) or the vested account balance in excess of \$1,000 from all eligible retirement plans, which includes IRAs. All plans that are part of the group of companies under common control are combined for purposes of the dollar limit. A participant cannot request another withdrawal for the following three calendar years unless they repay the full amount of their withdrawal or make deferral contributions equal to the amount of their withdrawal.	401(a) PS, 401(k), MP, 403(b), Gov't 457(b)		Distributions made after December 31, 2023	Implementation status: Plan sponsors should consider whether they would like to offer this optional withdrawal in their plan. In June 2024, Fidelity sent a communication with an election form to plan sponsors to add optional withdrawals to eligible plans in Q4 2024 and early 2025. The optional withdrawals can still be added by contacting your Fidelity representative to discuss a 2025 implementation date. Additional information available in SECURE 2.0 article series .


Distributions and/or exceptions to the additional tax on early distributions (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
311	Repayment of qualified birth or adoption distribution is limited to three years	<p>Provides that qualified birth or adoption distributions (QBOAD) may be made in an amount up to \$5,000 per child from employer plans and/or IRAs. The distribution is not subject to the 10% early withdrawal penalty. The distribution must be made within one year of the birth of the child or the finalization of the adoption. The individual may repay a qualified birth or adoption distribution as a rollover contribution to the plan or IRA from which the QBOAD was originally distributed from within three years.</p>	401(a) PS, 401(k), 403(b), Gov't 457(b)		QBOADs distributed on or after Jan. 1, 2020, but the three-year repayment period is effective for distributions made after Dec. 29, 2022. However, QBOADs made before Dec. 30, 2022, must be repaid before Jan. 1, 2026	<p>Implementation status:</p> <p>QBOADs may be recontributed in full or in part to the plan as rollover contributions, provided that the plan offers QBOADs, and the individual is eligible to make a rollover contribution to the plan at the time they recontribute part or all of it to the plan. A recontribution may be made at any time during the three-year period beginning on the day after the date the distribution was processed.</p> <p>Plan sponsors should consider whether they would like to offer this optional withdrawal in their plan. In June 2024, Fidelity sent a communication with an election form to plan sponsors to add optional withdrawals to eligible plans in Q4 2024 and early 2025. The optional withdrawals can still be added by contacting your Fidelity representative to discuss a 2025 implementation date.</p> <p>Additional information available in SECURE 2.0 article series.</p>
331	Withdrawals for federally declared disasters	<p>Distributions: Provides permanent rules relating to the use of retirement funds in the case of qualified federally declared disasters. Qualified individuals' principal place of residence during the incident period of any qualified disaster must be located in the disaster area, and they must have sustained an economic loss because of the disaster. Allows up to \$22,000 in total to be distributed from all retirement plans that are part of the same controlled group of companies and/or IRAs to qualified individuals. The distributions are not subject to the 10% additional tax on early distributions, and the income may be reported over three years on their federal income tax returns. Distributions can be repaid to a tax-preferred retirement account. Additionally, amounts distributed prior to the disaster to purchase a home can be recontributed.</p> <p>Loans: A plan sponsor is permitted to allow (1) a larger amount to be borrowed from a participant (lesser of 100% of the vested account balance or \$100,000, reduced by the highest outstanding loan balance during the last 12 months) by qualified individuals and/or (2) loan payment deferment to give the participant additional time for repayment of their loans. The loan limit is for all retirement plans that are part of the controlled group of companies.</p>	401(a) PS, 401(k), MP, 403(b), Gov't 457(b)		Applicable to distributions and plan loans with respect to disasters the incident period for which begins on or after 30 days after the date of enactment of the Taxpayer Certainty and Disaster Tax Relief Act, which is January 26, 2021	<p>Implementation status:</p> <p>Plan sponsors should consider whether they would like to offer this optional withdrawal in their plan. In June 2024, Fidelity sent a communication with an election form to plan sponsors to add optional withdrawals to eligible plans in Q4 2024 and early 2025. The optional withdrawals can still be added by contacting your Fidelity representative to discuss a 2025 implementation date.</p> <p>As participant utilization has historically been low, Fidelity will not be supporting Qualified Declared Disaster loans at this time.</p> <p>Additional information available in SECURE 2.0 article series.</p>


Distributions and/or exceptions to the additional tax on early distributions (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
326	Exception to the penalty on early distributions from a qualified plan for individuals with a terminal illness	IRS guidance recently confirmed this provision in SECURE 2.0 did not create a new in-service withdrawal option. However, participants eligible for an existing distribution may use the terminal illness provision to avoid the 10% additional tax on early withdrawals and such withdrawals may be repaid within three years. The participant must provide sufficient evidence of the terminal illness in the form of a physician's certificate, as detailed in the IRS guidance.	401(a) PS, 401(k), MP, 403(b), Gov't 457(b)		Effective for distributions made after December 29, 2022	Implementation status: The IRS issued Notice 2024-2 (SECURE Grab Bag) that provides more information on the key issues. Specifically, the notice confirms that SECURE 2.0 did not create a new in-service withdrawal type. This provision is optional, but even if the plan is not amended, participants can avail of the 10% waiver with their individual tax filing. Additional information available in SECURE 2.0 article series .

Expanding coverage

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
306	Eliminates the first day of the month requirement for governmental plans	Eliminates the 457(b) "first day of the month" requirement and allows deferral elections to be made any time prior to when the compensation is available. Previously, participants in a governmental 457(b) plan were required to make deferral elections (and request changes in their deferral rate) prior to the beginning of the month in which the compensation would be earned.	Gov't 457(b)		Taxable years beginning after December 29, 2022	Implementation status: This change harmonizes the deferral election rules for governmental 457(b) plans with those of 401(k) and 403(b) plans and may reduce participant confusion. Clients may choose to retain current deferral practices due to administrative considerations. Review your plan document and administrative procedures for salary deferral elections with your payroll provider to determine whether any desired changes are necessary. This change does not remove the first day of the month requirement for non-governmental 457(b) plans.






Expanding coverage (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
113	Small immediate financial incentives for contributing to a plan	In addition to providing matching contributions as a long-term incentive for employees to contribute to a 401(k) or 403(b) plan, this provision would allow incentives beyond matching, such as a gift card in a small amount (cannot exceed \$250 in value).	401(k), 403(b)		Plan years beginning after December 29, 2022	<p>The IRS issued Notice 2024-2 (SECURE 2.0 Grab Bag) that provides more information on the key issues:</p> <p>A plan sponsor may offer a financial incentive of up to \$250 to eligible employees who do not have a current 401(k) or 403(b) plan deferral election in effect.</p> <p>The incentive is not a prohibited transaction, and it may be made in installments to encourage a participant to continue to make deferral contributions.</p> <p>Any financial incentive will be taxable as compensation to the employee and cannot be made in the form of a matching contribution.</p> <p>The U.S. Department of the Treasury/IRS has requested comments on this provision.</p> <p>Implementation status:</p> <p>We are evaluating this provision to determine if we can support the financial incentive for plan sponsors that want to offer it to their participants.</p>


Miscellaneous

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
348	Cash balance interest credit projections	Provides that, solely for purposes of the backloading rules, the interest crediting rate that is treated as in effect and as the projected interest crediting rate is a reasonable projection of such variable interest rate, subject to a maximum of 6%. This clarification will solve the artificial backloading issue that can arise under prior law, so that plan sponsors would be permitted to provide larger contribution credits for longer-service workers.	DB	N/A	Plan years beginning after December 29, 2022	Consult with your plan’s actuary for more information about the interest crediting rate.
349	PBGC variable rate premiums	Removes the “applicable dollar amount” language in the rules for determining the premium fund target for purposes of unfunded vested benefits and replaces it with a flat \$52 for each \$1,000 of unfunded vested benefits.	DB	N/A	December 29, 2022	Consult with your plan’s actuary for more information. This provision applies to ERISA-covered plans only.





Plan design

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
128 	403(b) plan investments in collective investment trusts (CITs)	Allows 403(b) plans to invest in collective investment trusts (CITs) through an amendment to the Code to permit 403(b)(7) custodial accounts to invest in group trusts intended to satisfy the requirements of Revenue Ruling 81-100 (collective investment trusts), in addition to the stock of regulated investment companies (mutual funds). However, additional securities law exemptions are required before this provision will be available.	403(b)	 when available	December 29, 2022	Implementation status: This provision cannot be implemented until securities law provisions are addressed by Congress. Fidelity will continue to monitor legislative developments.
120	Auto portability	Creates a statutory prohibited transaction exemption under ERISA to facilitate the automatic portability of a participant’s default IRA (established in connection with a mandatory distribution from a former employer’s plan) into the participant’s new employer’s retirement plan, unless the participant affirmatively elects otherwise.	Transfers from IRAs (established in connection with a de minimis cashout under Code 401(k)(a) (31))		December 29, 2022	Portability Services Network, LLC (PSN), a consortium of workplace retirement plan recordkeepers including Fidelity, is operational with plans actively transacting. Plan sponsors enable Auto Portability by working with their Fidelity representative. Implementation status: Fidelity continues to support plan sponsor adoption and deliver new capabilities to improve the service and allow more plans to access the network.
127	In-plan emergency savings accounts	Provides employers with the option to offer their non-highly-compensated employees pension-linked emergency savings accounts. Employers may automatically opt employees into these accounts at no more than 3% of eligible compensation, and the portion of an account attributable to the participant’s contribution is capped at \$2,500 (or lower as set by the employer). Once the cap is reached, the additional contributions can be directed to the employee’s Roth defined contribution plan (if they have one) or stopped until the balance attributable to contributions falls below the cap. Contributions are made on a Roth-like basis and are treated as elective deferrals for purposes of retirement matching contributions with an annual matching cap set at the maximum account balance—i.e., \$2,500 or lower, as set by the plan sponsor. The first four withdrawals from the account each plan year may not be subject to any fees or charges solely based on such withdrawals. At separation from service, employees may take their emergency savings accounts as cash or roll them into their Roth defined contribution plan (if they have one) or IRA.	401(a) PS, 401(k), MP, 403(b)		Plan years beginning after December 31, 2023	Fidelity sees complexities and limitations in this provision relative to core emergency savings needs, including the lack of broad eligibility, time needed to access funds, the lack of portability, and the way the contribution balance cap limits employee choice and increases the employer’s cost to administer. As a result, Fidelity believes that a hybrid approach, one that is out-of-plan and offered through the workplace, is a better fit for emergency savings. Fidelity currently offers an out-of-plan emergency savings experience, Fidelity Goal Booster SM , with payroll deduction as an available integration. Please contact your Fidelity representative for more information.
106	Multiple employer plans (MEPs) for 403(b) plans	Allows 403(b) plans to participate in MEPs and PEPs, generally under the SECURE Act rules for 401(k) PEP plans, including relief from the one-bad-apple rule so that the violations of one employer do not affect the tax treatment of employees of compliant employers. This provision is not intended to affect 403(b) church plans that are MEPs or PEPs.	403(b), PEP		Plan years beginning after December 31, 2022	Fidelity currently offers a PEP for 401(k) plans and is exploring expansion to 403(b) plans now that this option is available. More information will be communicated upon further assessment.

Plan design (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
303	Lost and found	<p>Directs the DOL to create an online searchable “Lost and Found” database to collect information on benefits owed to missing, lost, or nonresponsive participants and beneficiaries in tax-qualified retirement plans and to assist such plan participants and beneficiaries in locating those benefits.</p> <p>This applies to tax-qualified defined benefit and defined contribution plans subject to ERISA vesting provisions.</p>	DB, 401(a) PS, 401(k), MP, 403(b)		Directs the creation of the database no later than two years after the date of enactment of SECURE 2.0.	<p>On November 20, 2024, the DOL announced that it is collecting information from retirement plan administrators in order to establish and maintain the Retirement Savings Lost and Found online searchable database. The DOL confirmed that the information request is voluntary and such reporting will be generally limited to the current plan contact information, the name and social security number of any participant who is separated from service, is owed a benefit, and is age 65 or older.</p> <p>In mid-December, the DOL announced that it expects to receive data needed to populate the Lost and Found database from the IRS via the data collected on the IRS Form 8955-SSA. The DOL intends to use this information in conjunction with data received through the voluntary information collection request to populate the database. As a result of this approach, the DOL has significantly narrowed the scope of the voluntary data requested from plan administrators which addresses many of the concerns raised by the industry.</p> <p>The agency further clarified that reporting will not be made through the Form 5500 but instead a special online portal has been created for use by plan administrators and recordkeepers to upload the voluntary data.</p> <p>Implementation status: Fidelity is assessing the DOL’s recent guidance to determine how we may be able to support our clients with this currently voluntary request.</p>



Required minimum distributions (RMDs)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
201	Eliminates RMD barriers for life annuities in plan and IRAs	Permits more flexibility in annuity payouts that will meet the minimum distribution requirements, including cost-of-living adjustments of up to 5% annually, certain lump-sum payouts, and return of premium death benefits.	DB, 401(a) PS, 401(k), MP, 403(b), Gov't 457(b)		Calendar years ending after December 29, 2022	The additional annuity payout options may encourage participants to purchase distribution annuities. The IRS published final regulations on July 19, 2024. Learn more. Additional information available in SECURE 2.0 article series.
204	Eliminates RMD penalty on partial annuitization	For retirement plan accounts and IRAs that are partially annuitized, this change permits annuity payouts to offset required RMDs from the portion of the account balance or IRA that is not annuitized.	DB, 401(a) PS, 401(k), MP, 403(b), Gov't 457(b)		As of December 29, 2022 IRS Notice 2025-2 extended the effective date to January 1, 2026, for the rules addressing the valuation of an annuity contract under the "partial annuitization" option	The distribution offset may result in lower RMD requirements and mitigates barriers to lifetime income. Implementation status: The IRS published final regulations on July 19, 2024. Learn more.
325	Extend the pre-death RMD exemption for Roth IRAs to in-plan Roth amounts	Extends the pre-death RMD exemption for Roth IRAs to in-plan Roth amounts. Under previous law, a participant with Roth amounts in the plan may generally avoid the pre-death RMD rules by rolling plan assets into a Roth IRA. Extending the exemption from the pre-death RMD rules to Roth amounts in retirement plans means that participants do not have to roll over plan assets to an IRA just to avoid being required to begin taking RMDs of Roth amounts at the applicable retirement age.	401(a) PS, 401(k), MP, 403(b), Gov't 457(b)		Effective taxable years beginning after December 31, 2023 Does not apply to distributions that are required with respect to years beginning before January 1, 2024, but are permitted to be paid on or after such date	Participant money in Roth contribution sources in retirement plans will be exempt from the RMD requirements. This will minimize the number of participants with Roth money that roll it over to their Roth IRA just to avoid the prior retirement plan requirement to make RMDs from their account. Additional guidance may be issued. Implementation status: Fidelity has updated our processes, procedures, and systems as of January 1, 2024, and will make further updates, if necessary. Additional information available in SECURE 2.0 article series.
107	Increase RMD age	Increases the RMD age from 72 to 73 in 2023 and again from 73 to 75 in 2033.	DB, 401(a) PS, 401(k), MP, 403(b), Gov't 457(b), Non-gov't 457(b)		Effective January 1, 2023, for individuals who attain age 72 on or after such date	Currently the applicable RMD age for commencing RMDs is age 73. The RMD age will increase to age 75 in 2033. Implementation status: Fidelity has implemented the increase to age 73 and updated our process, procedures, communications, and systems. Fidelity's communications have been updated for participants to receive their initial RMD notice at age 73. The RMD withdrawal information will be available on NetBenefits® for the year that participant turns age 73. Additional information available in SECURE 2.0 article series.

Required minimum distributions (RMDs) (cont.)

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or implementation status
302	Reduce RMD penalty	<p>Reduces the penalty for failure to take RMDs from 50% to 25%. If a failure to take a required minimum distribution is corrected in a timely manner (as defined below), the excise tax on the failure is further reduced from 25% to 10%. The correction window begins on the date on which the tax is imposed and ends on the earliest of:</p> <p>(1) the date of mailing a notice of deficiency,</p> <p>(2) the date on which the tax is assessed, or</p> <p>(3) the last day of the second taxable year that begins after the end of the taxable year in which the tax is imposed.</p> <p>The excise tax may be automatically waived where a beneficiary fails to take an RMD in the calendar year in which the participant died (if the participant had not already satisfied the RMD for that year), provided the failure is corrected within a specified period (generally by the end of the following calendar year).</p>	DB, 401(a) PS, 401(k), MP, 403(b), Gov't 457(b), Non-gov't 457(b)	<div>M</div>	Taxable years beginning after December 29, 2022	<p>This is a benefit to participants and beneficiaries who fail to take their RMDs in a timely manner.</p> <p>Implementation status: Communication materials have been updated to reflect this provision.</p> <p>Additional information available in SECURE 2.0 article series.</p>
327	Spousal beneficiaries treated as plan participants for RMD purposes	<p>Permits a spousal beneficiary, who is the sole beneficiary, of a deceased retirement plan participant to elect to have the RMD calculated as if the surviving spouse were the deceased employee.</p>	DB, 401(a) PS, 401(k), MP, 403(b), Gov't 457(b), Non-gov't 457(b)	<div>M</div>	Calendar years beginning after December 31, 2023	<p>Where the surviving spouse elects to be treated as the deceased employee or owner:</p> <p>(1) The initial RMD may be delayed to the year that the deceased participant would have attained age 73 (age 73 changes to age 75 in 2033).</p> <p>(2) Where an initial RMD is required to commence to a spouse beneficiary in 2024 or later, the annual RMD calculation may be based on the Uniform Lifetime Table (instead of the Single Life Table that is used for beneficiaries), which may be more favorable to the spouse by resulting in a lower annual RMD.</p> <p>Implementation status: Fidelity has updated our processes, procedures, and systems as of January 1, 2024. The IRS published final regulations on July 19, 2024. Learn more.</p> <p>Additional information available in SECURE 2.0 article series.</p>

Testing and reporting

SECURE 2.0 Section	Name	Summary	Plan type	Mandatory or optional	Effective date	Practical considerations and/or comments
310 	Top-heavy rule modifications	Allows for separate testing of excludable employees for certain top-heavy purposes. Employees who are otherwise excludable from a defined contribution plan under the general age and service rules are tested separately to determine whether they meet the top-heavy minimum contribution rules. Those employees may be excluded from consideration in determining if the plan, or any other plan of the employer, satisfies the top-heavy minimum contribution rules.	401(a) PS, 401(k)		Plan years beginning after December 31, 2023	<p>This change will generally affect plans that have less than a few hundred eligible employees. The top-heavy requirement only applies to ERISA-covered plans.</p> <p>Implementation status: Fidelity has processes, procedures, and systems in place to support reporting obligations for plan years beginning after December 31, 2023.</p>

Timeline of effective dates for key provisions

Select provision to learn more

M Mandatory provisions

2020/2021	Dec. 29, 2022	2023	2024	2025	2026
<ul style="list-style-type: none">• Section 311: repayment of qualified birth or adoption distribution is limited to three years (2020)• Section 331: withdrawals for federally declared disasters (2021)	<ul style="list-style-type: none">• Section 113: small immediate financial incentives for contributing to a plan• Section 128: 403(b) plan investments in collective investment trusts (cits)• Section 204: eliminates RMD penalty on partial annuitization• Section 301: recouping overpayments• Section 306: eliminates the first day of the month requirement for governmental plans• Section 312: self-certification of hardship and unforeseeable emergency distributions• Section 326: exception to the penalty on early distributions from a qualified plan for individuals with a terminal illness• Section 349: pbgc variable rate premiums• Section 604: participants may elect Roth treatment for matching and nonelective contributions	<ul style="list-style-type: none">• Section 106: multiple employer plans (MEPs) for 403(b) plans• Section 107: increase RMD age• Section 120: automatic portability• Section 201: eliminates RMD barriers for life annuities in plan and IRAs• Section 302: reduce RMD penalty• Section 320: disclosures for eligible “unenrolled” participants• Section 348: cash balance interest credit projections	<ul style="list-style-type: none">• Section 110: student loan payments• Section 115: withdrawals for emergency expenses• Section 127: in-plan emergency savings accounts• Section 303: lost and found• Section 304: increase in cash-out limit• Section 310: top-heavy rule modifications• Section 314: eligible distributions for domestic abuse victims• Section 325: extend the pre-death RMD exemption for Roth IRAs to in-plan Roth amounts• Section 327: spousal beneficiaries treated as plan participants for RMD purposes• Section 342: lump-sum disclosures• Section 343: annual funding notice changes• Section 602: hardship withdrawal rules for 403(b) plans	<ul style="list-style-type: none">• Section 101: automatic enrollment requirement for new plans• Section 109: increase age 50 catch-up contribution limit for participants ages 60 through 63• Section 125: long-term, part-time eligibility• Section 334: long term care insurance	<ul style="list-style-type: none">• Section 103: saver’s match• Section 338: annual paper statement requirement• Section 603: age 50 catch-up contributions must be Roth for certain participants

FAQ

Contributions

How are wages defined for the Roth catch-up provision?

Beginning in 2026, if a participant earns more than \$145,000 in FICA wages in the prior calendar year, all catch-up contributions at age 50 and older will need to be made to a Roth account in after-tax dollars. For this purpose, wages are those as defined in Section 3121(a) of the Internal Revenue Code, which are wages subject to FICA (Form W-2 box 3 wages for Social Security taxation purposes).

More specifically, participants who do not receive FICA wages (e.g., partners who only have self-employment income or government employees whose wages are not treated as FICA wages) would not be subject to this provision.

The \$145,000 threshold amount is indexed annually. For the 2026 tax year, we expect the amount will be \$145,000. This amount will be indexed in future years using rules similar to the indexing of Section 415 (annual additions) limits, in increments of \$5,000.

The threshold amount (indexed) is based on wages from the employer sponsoring the plan for the preceding calendar year. This means new hires will not have prior-year wages with the current employer and therefore will not be subject to the Roth catch-up mandate. For this purpose, “the employer sponsoring the plan” means the individual’s common-law employer contributing to the plan. Therefore, prior-year wages paid by other employers (e.g., subsidiaries, related employers, and employers that use multiple FEINs) are not considered.

How will plan sponsors notify Fidelity of individuals who are subject to the Roth mandate for their catch-up contributions each year? How will Fidelity use this information?

We’re adding a new Roth catch-up requirement (RCR) indicator to the existing data-transmission methods that plan sponsors use with Fidelity. More information about these data-delivery mechanisms will be forthcoming. The RCR indicator will be required to be submitted annually. Plan Sponsor WebStation (PSW) upload will be Fidelity’s preferred transmission method. Please note that Fidelity anticipates being ready to receive this information in Q4 2025. Additional details will be provided at a later date.

Plan sponsors that use Fidelity’s nondiscrimination testing service will be required to submit the RCR indicator to Fidelity. Fidelity will leverage this participant-level information to enhance participant digital experiences, personalize participant communications, enhance the contribution process, and provide relevant reporting for plan sponsors.

Through its design, may a plan mandate, that all participants, regardless of their wages, only be allowed to make catch-up contributions on a Roth basis?

The IRS did not provide direct guidance on this matter, however, a footnote highlights its considerations of a plan design that requires that all catch-up contributions be made as designated Roth contributions and concludes that this approach would not be permissible.

FAQ

Disclosures and notices

Who is an “unenrolled participant”?

According to Section 320 of the SECURE 2.0 Act: Eliminating Unnecessary Plan Requirements Related to Unenrolled Participants, an unenrolled participant:

- Is eligible to participate in the plan;
- Has been furnished the summary plan description and any other notices related to eligibility under the plan that are required to be provided in connection with such participant’s initial eligibility, and
- Is not participating in the plan.

Does my plan have to send notices to unenrolled participants?

Unenrolled participants can be excluded from receiving required plan disclosures if the:

- Participants are furnished with all required notices related to initial eligibility, including the summary plan description, and
- Unenrolled participants are furnished with an annual reminder notice. The annual reminder notice reminds the participant of their eligibility to participate in the plan and includes information about key benefits and rights under the plan, such as vesting and employer contributions.

What information should be included in the annual reminder notice, and when should it be sent to the participants to comply with the unenrolled participant requirements?

For the purposes of Section 320 of the SECURE 2.0 Act: Eliminating Unnecessary Plan Requirements Related to Unenrolled Participants, the annual reminder notice should:

- Be furnished in connection with the annual open season election period with respect to the plan or, if there is no such period, be furnished within a reasonable period prior to the beginning of each plan year
- Notify the unenrolled participant of their eligibility to participate in the plan
- Notify the unenrolled participant of the key benefits and rights under the plan, with a focus on employer contributions and vesting provisions
- Provide such information in a prominent manner calculated to be understood by the average participant

When will Fidelity begin sending the new annual reminder notice to unenrolled participants?

Fidelity is proactively working on a solution in support of this provision and will provide additional information as enhancements become available. Until that time, plan sponsors should continue to send all regulatory notices to the full population of participants.

Distributions and/or exceptions to the additional tax on early distributions

Why is the term “mandatory cash out” used if the increase in the cash-out limit from \$5,000 to \$7,000 is optional?

Mandatory cash out is a term often used to describe the distribution of small, vested account balances to terminated employees. Other terms that are used to describe the cash out include involuntary distributions, de minimis distributions, etc. Plan sponsors are not required to distribute small, vested account balances. If sponsors do choose this provision, beginning in 2024, they generally cannot distribute vested account balances that exceed \$7,000 without a participant’s consent.

How can participants repay distributions that were originally made as a withdrawal for emergency expenses?

Participants have a few options for repaying the money they received for unforeseeable or immediate financial needs that were necessary for personal or family emergency expenses:

- First, they can make a repayment that will be treated as a rollover contribution if the plan allows them. If the plan does not allow rollover contributions, however, the plan sponsor does not have to accept repayment.
- Second, the participant may make pretax, Roth, or after-tax contributions to the plan equal to the amount of the distribution. Fidelity systems are being updated to include tracking to determine when the amount is repaid. This optional withdrawal will not be available until the system work is complete.

How will Fidelity report an exception that applies to the 10% additional tax on early withdrawals?

Fidelity is not changing our reporting practice for exceptions. Box 7 (distribution code) on IRS Form 1099-R will continue to show Code 1 (early distribution, no known exception) unless the individual is over 59½, in which case Code 7 (normal distribution) will be used. Distribution code 2 (Early distribution, exception applies (under age 59½)) will only be used if the individual qualifies for one of the statutory exceptions when the distribution is made. The individual should work with their tax advisor to make sure the exception is reported to the IRS.

FAQ

Plan design

When are plans required to be amended for the required SECURE 2.0 Act provisions?

Fidelity will send a good faith amendment to plan sponsors using Fidelity's Preapproved Plan Document before the deadline with applicable instructions. Fidelity will also provide content for plan sponsors to consider using to satisfy their Summary Plan Description–related disclosure obligations.

For more information, please visit [Plan Document Amendments and Deadlines](#).

What is Auto Portability?

Auto Portability is the routine, standardized and automated movement of an inactive participant's small balance retirement account (under the cash-out limit of \$7,000 or less) from a former employer's retirement plan to their active account in a new employer's plan.

Auto Portability utilizes technology to reduce the time, paperwork and expense associated with moving a participant's small balance account into their new employer plan after they change jobs.

This process is readily facilitated by establishing a network of recordkeepers that links employer-sponsored retirement plans, maintains and promotes technology standards and interfaces, and directs the flow of data between record-keepers—a clearinghouse or common infrastructure that serves the portability and consolidation needs of America's mobile workforce.

What can you tell me about the new retirement consortium that supports Auto Portability?

For the first time, leading workplace retirement plan recordkeepers—Fidelity, Alight, Vanguard, Empower, TIAA, and Principal, along with Retirement Clearinghouse (RCH)—have partnered to create a consortium to accelerate the adoption of Auto Portability. The industry-first consortium established an independent entity, Portability Services Network (PSN), that will build a nationwide, digital hub connecting workplace retirement plan recordkeepers and the plan sponsors they serve with the sole purpose of mitigating cash-out leakage and preserving savings in the U.S. private retirement system.

Automatic rollovers of small balances when workers shift employers will help America's underserved and under-saved workers—especially communities of color, women, lower income, and younger workers—to improve their retirement outcomes.

What does SECURE 2.0 mean to me as a Participating Employer in the PEP?

The Fidelity Advantage 401(k) is a pooled employer plan (PEP) where Fidelity is the Pooled Plan Provider and plan sponsor. For this product, Fidelity is responsible for implementing most aspects of the SECURE 2.0 provisions and updating the plan and product documents, as appropriate. SECURE 2.0 involves many new mandatory and optional provisions. For the PEP Product offering, we are focused mostly on the mandatory provisions at this time. We will notify you of any new responsibilities or required action as a result of the upcoming SECURE 2.0 changes.

What does SECURE 2.0 mean to me as a client that utilizes Fidelity's 3(16) Fiduciary Administration or Fidelity Flex® services?

SECURE 2.0 involves many new mandatory and optional provisions. For the 3(16) Fiduciary Administration and Flex® Product offerings, Fidelity is focused mostly on implementing the mandatory provisions at this time. We are assessing whether SECURE 2.0 optional provisions will be available for these plans. Fidelity does not provide legal or tax advice, and plan sponsors should discuss any potential plan design changes with their legal counsel.

If my plan chooses to report data to the Retirement Savings Lost and Found (an online searchable database), does this impact a plan sponsor's responsibility to search for missing participants?

The Retirement Savings Lost and Found online searchable database is a mechanism to help participants and beneficiaries search for retirement plans that may still owe them benefits. In general, the population targeted for inclusion in the database are separated participants ages 65 or older who are still owed a plan benefit. This population may include missing participants, however, the focus of the voluntary data collection is on participants or beneficiaries who meet the criteria. The DOL has not indicated that the tool is intended to replace or limit any responsibility that a plan sponsor may have to search for missing participants.

Fidelity continues to offer its standard Lost Shareholder Address Search and Update Service as well as the Enhanced Lost Participant Search Solution Services, to assist clients with their missing participant search responsibilities.

How is data collected from the plan sponsor and/or plan administrator to populate Retirement Savings Lost and Found?

The DOL has created a file-formatted template to collect the information for this voluntary request. Files are then uploaded directly to the Lost and Found database at least annually. Data submissions should not be filed through the EFAST2 Form 5500 filing system. Fidelity is assessing the DOL's recent guidance to determine how we may be able to support our clients if they elect to submit information under this voluntary data request.

FAQ

Required minimum distributions

Roth account balances are excluded from participant required minimum distributions starting in 2024. How will Fidelity administer this provision for participants who have both Roth and non-Roth account balances?

Fidelity establishes a separate contribution source for Roth versus non-Roth account balances for participants. Roth account balances will be excluded from the calculation and distribution of required minimum distributions (RMDs) for all participants receiving RMDs in 2024. This new SECURE 2.0 Act provision does not apply to beneficiary RMDs as they are subject to different requirements. We are currently working on the system enhancements for the new requirement for plan sponsors using Fidelity's auto-gen RMD service and are addressing the guidance provided by the IRS in the proposed and final regulations issued on July 19, 2024.

Notes

[illegible]



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