

# PALMER PENSION SERVICES, INC.

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Congress recently passed the Further Consolidated Appropriations Act, 2022, that includes a section known as the SECURE 2.0 Act of 2022 (Setting Every Community up for Retirement Enhancement). The SECURE Act includes several provisions that may effect your Qualified Plan. The changes have different effective dates and some will require further regulations from the IRS. We will keep you posted as we find out more about regulatory interpretation and guidance. The following is an overview of the provisions that may effect your plan.

- Required Minimum Distribution beginning date has been changed to the April 1 of the year following attainment of age 73. This applies to those attaining age 72 after 12/31/22. Increases again to age 75 in 2033.
- Increased Tax Credits for implementing a new plan
- Participation of Part-Time Employees in 401k deferrals. 500 hours of service now required for 2 consecutive years as opposed to 3. This provision will not effect your plan until 2025 and will require significant guidance from the IRS.
- Mandatory Auto Enrollment and Auto Escalation for new 401k plans starting in 2025.
- Catchup contributions must be Roth deferrals for those making over \$145,000 (as indexed). Effective for plan years after 12/31/23. **RECENTLY EXTENDED TO 12/31/25**
- Catchup limit is increased for those between the ages of 60 and 63. Effective in 2025.
- Emergency withdrawals may be permitted up to \$1000 that would not be subject to the 10% early withdrawal penalty.
- At least one benefit statement a year must be paper
- Family attribution rules relaxed for spouses who each own unrelated businesses.

The amendment to your plan document to implement these changes will not be required until December 31, 2025. We will however administer your plan "in good faith" until such time that the amendment is required.