



# SECURE 2.0 key provisions that may impact you

On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023 into law. This legislation contains the SECURE 2.0 Act of 2022 ("Act"). The Act includes several provisions that are anticipated to make it easier for individuals to save for retirement. The following identifies some key provisions of the Act.

The ABA Retirement Funds Program ("Program") understands that you've likely heard a lot about the Act and may have questions. **As a participant in the Program, there is no action required on your part related to the Act's provisions; however, it is still important to familiarize yourself with the information provided.** The Program will continue to keep you informed of important changes and effective dates as more guidance comes from the Internal Revenue Service and Department of Labor regarding the Act's various provisions.

## KEY PROVISIONS

### Effective Now

#### REQUIRED MINIMUM DISTRIBUTIONS ("RMD") AGE INCREASES

The required age for an RMD beginning date has **increased** for participants and spousal beneficiaries of a participant that died prior to reaching the RMD beginning date.

Effective as of December 31, 2022, the new RMD ages are:

**Age 73** >> for an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033

**Age 75** >> for an individual who attains age 74 after December 31, 2032

The increase in age allows participants to keep their savings in their retirement plan for a longer period. In the year that participants reach the age of 73, the Program will distribute [this flyer](#) to participants to guide them through the RMD process.

#### RMD EXCISE TAX REDUCTION

The Internal Revenue Code currently imposes a 50% excise tax on RMDs that are not taken in a timely manner. SECURE 2.0 reduces the excise tax from 50% to 25% (and to 10% if the correction is made in a timely manner). The reduced penalties allow retirees to preserve more of their retirement income.

Effective date: Taxable years beginning after December 29, 2022

If you are interested in calculating how much you may need to withdraw for your RMD, take a look at [Voya's RMD Calculator](#).

Calculate View Report

Your required minimum distribution is \$0.00.  
Updated for the SECURE Act and CARES Act

Required Minimum Distribution (RMD) Inputs:

Year of RMD: 2023 (range: 2010-2040)

Estimated rate of return: 4% (range: 0%-12%)

Account balance: \$100,000.00 (range: \$0-\$500k)

Owner birthdate: 9/12/1951 Age 72

Spouse Sole Beneficiary:  Check here if your sole beneficiary is a spouse.

Beneficiary birthdate: 9/12/1951 Age 72

Projected required minimum distributions for 27.4 year life expectancy

Effective date: Calendar years after December 31, 2022

There are no changes for those who are already taking their RMDs.

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## Effective After 2023

### ROTH RMD RULE CHANGE FOR PLAN DISTRIBUTIONS

Under current law, RMDs to a plan participant must consider all amounts (both non-Roth and Roth\*) from that participant's account in an employer-sponsored retirement plan. SECURE 2.0 eliminates this requirement so that the designated Roth account under a plan is not subject to RMDs during the participant's lifetime. This allows participants to preserve Roth account balances.

**Effective date: Tax years after December 31, 2023**

*\* With Roth 401(k) contributions, you pay your taxes upfront – at your current tax rate – but do not pay taxes on qualified distributions of contributions and any investment earnings. A qualified distribution requires you to be age 59 1/2 or older. A qualified distribution may be taken if you become disabled or can be made to your beneficiary(ies) after your death. In addition, a qualified Roth distribution requires you meet one of the criteria above, and the funds must be held for a 5-year holding period dating from the earlier of: a) the first year of your Roth contribution, or b) if you make a direct rollover from another plan with a designated Roth account, the first year you made a Roth contribution to that plan which the direct rollover originated. To learn more about the differences between traditional pre-tax contributions and Roth contributions, review the Program's [Contribution Options Guide](#).*

### SURVIVING SPOUSE ELECTION TO BE TREATED AS EMPLOYEE (FOR RMDs)

If a participant dies before his or her required beginning date and designated their spouse as the sole beneficiary, then the spouse may elect to defer RMDs until the year in which the spouse attains his/her RMD age. If selected, the spouse's RMD will be calculated under a potentially more favorable life expectancy table typically available only for a plan participant.

**Effective date: Calendar years after December 31, 2023**



## Effective After 2024 and Later

### COVERAGE FOR LONG-TERM PART-TIME WORKERS

Further reduces the minimum eligibility service requirements from three years (set forth in SECURE Act 1.0) to two years. This allows part-time workers to be eligible to join retirement plans sooner.

Individuals will be eligible as of the earlier of (1) one year of service, or (2) the completion of a 24-month period consisting of two consecutive 12-month periods with 500 hours of service and attainment of age 21 by the end of the calendar year.

This reduction does not apply to employees subject to collective bargaining or nonresident aliens, and the 12-month period beginning before January 1, 2023, is not taken into account.

**Effective date: Plan years after December 31, 2024**

### INCREASED CATCH-UP CONTRIBUTION LIMITS (IF ADOPTED BY YOUR EMPLOYER)

Increases age-based catch-up contribution limits to the greater of \$10,000 or 50 percent more than the regular age 50 catch-up amount in 2025 (subject to IRS annual cost of living adjustments in \$500 increments) for participants who have reached ages 60, 61, 62 and 63.

After age 63, the standard age 50+ catch-up limits will apply

**Effective date: Taxable years beginning after December 31, 2024**

### ROTH CATCH-UP

If a participant's prior year FICA wages, from the employer sponsoring the plan, exceeded \$145,000, then a participant's Age 50+ Catch-up deferrals can only be made as a Roth\* contribution. The \$145,000 threshold is subject to IRS annual cost of living adjustments in \$5,000 increments.

**Effective date: Tax years after December 31, 2025**



## Additional provisions unrelated to your retirement plan in the Program that may be of interest:

### 529 COLLEGE SAVINGS ACCOUNT ("529 ACCOUNT") PORTABILITY

Permits a beneficiary under a 529 Account that has been maintained for at least 15 years to roll over up to \$35,000 (lifetime cap) to a Roth IRA (subject to Roth contribution limits) owned by the beneficiary of that 529 Account. Contributions rolled over cannot exceed the aggregate amount contributed to the 529 Account (including earnings) before the five (5) year period ending on the date of the rollover. This resolves concerns about over-contributing to a 529 Account and allows individuals with funds remaining in a 529 Account to preserve favorable tax treatment without incurring a tax penalty when rolling over the funds into a Roth IRA.

**Effective date: Distributions after December 31, 2023**

Applicable plan: Roth IRA

### MODIFICATION OF AGE FOR QUALIFIED ACHIEVING A BETTER LIFE EXPERIENCE ("ABLE") ACCOUNTS

Increases the age-based threshold at which an individual's disability must occur for contribution eligibility to an ABLE account from age 26 to age 46. Generally, distributions from an ABLE account are tax-free if used for qualified disability expenses of the account's designated beneficiary.

**Effective date: Taxable years beginning after December 31, 2025**

Applicable plan: ABLE Program

Check out [this video](#) for more information about ABLE accounts.



*This information is provided by Voya for your education only. Neither Voya nor its representatives offer tax or legal advice. Please consult a tax or legal professional regarding your specific circumstances.*

*Please read the Program Annual Disclosure Document (April 2023) carefully before investing. The Annual Disclosure Document contains important information about the Program and investment options. For email inquiries, use: [contactus@abaretirement.com](mailto:contactus@abaretirement.com) and include your 6-digit plan number.*

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