Major Provisions of ‘Secure 2.0’ (H.R. 2954)

By No Author *Thu, May 6, 2021*

Major Provisions of ‘Secure 2.0’ (The Securing a Strong Retirement Act of 2021, or H.R. 2954)
Require 401(k) and 403(b) plans to auto-enroll participants upon becoming eligible; employees may opt out.
Start auto-contributions at at least 3%. That can be increased by one percent each year up to 10%.
Increase the tax credit for costs of starting a savings plan at a company with up to 50 employees to 100% in the first year, up to an annual cap of $5,000.
Offer the start-up tax credit for three years for employers joining a multiple employer plan (MEP), regardless of how long the MEP has existed.
Facilitate the creation of an "insurance-dedicated" ETF for use as a variable annuity sub-account.
Allow 403(b) custodial accounts to invest in collective investment trusts and allow 403(b) plans to join MEPs or pooled employer plans (PEPs).
Raise the RMD age to 73 starting Jan. 1, 2022, to 74 starting Jan. 1, 2029 and to 75 starting Jan. 1, 2032.
Allow catch-up contributions to IRAs up to $10,000 and $5,000 (indexed) for individuals who have reached ages 62, 63 or 64, but not 65.
Allow employers to match contributions to a 401(k) plan, 403(b) plan, or SIMPLE IRA for participants paying off "qualified" student debt.
Allow plan sponsors to offer "de minimis" financial incentives, such as gift cards, to encourage employees to participate in 401(k) and 403(b) plans.
Repeal the 25% limit on allocations of qualified savings to the purchase of Qualified Longevity Annuity Contracts and allow the sales of joint-and-survivor QLACs.
Source: Ways & Means Committee, US House of Representatives, May 5, 2021.