



Elective deferrals generally limited to regular contribution limit.

Provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. An exception is provided for employees with compensation of \$145,000 or less (indexed).

Employers allowed to replace SIMPLE retirement accounts with Safe Harbor 401k plans during a year.

An employer may replace a SIMPLE IRA plan with a SIMPLE 401(k) plan or other 401(k) plan that requires mandatory employer contributions during a plan year.

PROVISIONS EFFECTIVE FOR 2025 & BEYOND

Higher Catch up Limit.

Effective 1/1/25, for individuals who attain age 60, 61, 62 and 63, catch up contribution limits will increase to the greater of \$10,000 or 50% more than the regular catch up amount, as indexed.

Mandating Automatic Enrollment for New Plans.

Effective after 12/31/2024, requires 401(k) and 403(b) plans established after the date of Secure 2.0 enactment to automatically enroll

employees in the respective plans when they become eligible (and allows employees to opt out of coverage). The initial automatic enrollment amount must be at least 3% but not more than 10%. Each year thereafter that amount is increased by 1% until it reaches at least 10% but not more than 15%.

Long Term Part-Time Employees.

Effective for plan years after 12/31/24, employees with 2 consecutive years of at least 500 hours of service must be allowed the ability to contribute to an existing 401(k) plan. This is reduced from the 3 consecutive year LTPT rule provided in the Secure Act of 2020. Secure Act 2.0 also extends this provision of the coverage rules to 403(b) plans that are subject to ERISA.

Requirement to provide paper statements (in certain cases).

Effective for plan years beginning after 12/31/25, a participant in a defined contribution plan must be provided a paper benefit statement at least once annually, unless elected otherwise by the participant. For defined benefit plans, a paper statement must be provided once every 3 years.

'Savers Match'.

Effective 1/1/27, in lieu of the currently provided individual tax credit, the government will provide a matching contribution equal to 50% of the IRA or retirement plan contribution. The match phases out between \$41,000 and \$71,000 of adjusted gross income for married individuals filing jointly and \$20,500 to \$35,500 for single tax payers or married individuals filing separate.



Get in Touch

Benefits Administrators
269 West Main Street, Suite 700
Lexington, KY 40507

Phone: (859) 255-1154

Web: <https://benadms.com>