

A guide to SECURE 2.0

Key provisions that affect your company's
retirement plan

Last updated: May 2025



On December 29, 2022, President Joe Biden signed into law the SECURE 2.0 Act as part of the Consolidated Appropriations Act, 2023. SECURE 2.0 contains more than 90 required and optional provisions, with effective dates ranging from December 29, 2022, through 2033. Vanguard supports this legislation because it aims to make saving easier for plan participants and administering retirement plans simpler for plan sponsors.

As ever, Vanguard remains committed to advocating for investors in Washington, D.C., by sharing our views on SECURE 2.0 provisions and additional government guidance. You can trust Vanguard to engage in policy matters that take a stand for all investors and give them the best chance for investment success.

Vanguard is addressing the significant volume of SECURE 2.0 provisions based on:

- 1. The importance of implementing required provisions by their respective effective dates.**
- 2. The impact of optional provisions and their ability to drive financial wellness, provide additional flexibility, and ease administrative burden for plan sponsors.**

We're prioritizing required provisions first. Then we'll work with plan sponsors to identify which of the optional provisions are a best fit for them and their participants based on our shared mission to help drive financial wellness and positive participant outcomes.

We'll update the tables as more information becomes available.

SECURE 2.0 Act effective dates

2021–2023	2024	2025	2026	2027–2033
REQUIRED				
<ul style="list-style-type: none"> • Required minimum distribution (RMD) age increase from 72 to 73 • Tribal Government Domestic Relations Order • Early distribution exemption for private-sector firefighters • Reduce excise tax for RMDs 	<ul style="list-style-type: none"> • Eliminate pre-death RMD from Roth accounts • Surviving spouse RMD election • Safe Harbor for Correcting Elective Deferral Failures • Long-term part-time (LTPT) worker eligibility (SECURE Act) 	<ul style="list-style-type: none"> • Reduced eligibility period for LTPT employees; expansion to 403(b) plans (SECURE 2.0) • Mandatory automatic enrollment for new plans • Retirement savings lost and found 	<ul style="list-style-type: none"> • Roth catch-up contributions • Annual paper statements • Plan amendment deadline* 	<ul style="list-style-type: none"> • RMD age increase to 75 (2033)
OPTIONAL				
<ul style="list-style-type: none"> • Terminal illness exception • Recovery of retirement plan overpayments • Qualified Disaster Recovery Distribution (QDRD) • Qualified birth and adoption distribution (QBAD)** • Self-certification for hardship withdrawals • Employer contributions treated as Roth contributions • Expansion of the Employee Plans Compliance Resolution System (EPCRS) • Eliminate the “first day of the month” requirement for governmental 457(b) plans 	<ul style="list-style-type: none"> • Exemptions for certain auto portability transactions • Automatic cash-out limit increase • Pension-linked emergency savings account (PLESA) • Matching contributions for student loans • Emergency expense withdrawals • Withdrawals for domestic abuse (WDA) • Hardship withdrawal rules for 403(b) plans • Top-heavy rule changes for excludable employees 	<ul style="list-style-type: none"> • Higher catch-up contribution limit 		<ul style="list-style-type: none"> • Saver's match (2027)***

*Notice 2024-2 extended the deadline to adopt amendments that relate to the CARES Act, the SECURE Act, and SECURE 2.0 to December 31, 2026 (regardless of plan year).

**QBADs and their repayments are optional. SECURE 2.0 clarified that QBADs, if repaid, must be paid back within three years of the original distribution event. For QBAD distributions made prior to the enactment of SECURE 2.0, the repayment must occur prior to January 1, 2026.

***Saver's credit will become Saver's match in 2027.

Key provisions for the SECURE 2.0 Act

Required provisions: Effective 2021–2024

Vanguard has updated our systems to be in compliance.

Provision	Effective date	Summary of provision	Whom it affects	Notable considerations for plan sponsors
Early distribution exemption for private-sector firefighters	December 29, 2022	Private-sector firefighters who take a distribution upon separation from service after age 50 will not be subject to the early distribution penalty of 10%.	Governmental 457(b)	Vanguard has implemented this provision. No further updates at this time.
RMD age increase from 72 to 73	January 1, 2023	The age at which participants must start taking RMDs increased from 72 to 73. The age will increase from 73 to 75 in 2033.	401(k), 403(b), governmental 457(b), non-governmental 457(b), 401(a), money purchase, defined benefit	Vanguard has updated our participant experience, processes, and systems to support this provision.
Reduce excise tax for RMDs	January 1, 2023	SECURE 2.0 reduces the excise tax on the failure to take RMDs from 50% to 25%, and to 10% if the late distribution is corrected in a timely manner, effective for RMDs missed in calendar years beginning on or after January 1, 2023.	401(k), 403(b), governmental 457(b), non-governmental 457(b), 401(a), money purchase, defined benefit	Participants with missed RMDs may wish to consult a tax advisor.
Tribal Government Domestic Relations Order	January 1, 2023	Tribal courts are now included in the list of courts authorized under federal law to issue qualified domestic relations orders (QDROs).	401(k), 403(b), governmental 457(b), 401(a), money purchase	Vanguard has implemented this provision. No further updates at this time.
Safe Harbor for Correcting Elective Deferral Failures	January 1, 2024	Allows employers to correct reasonable automatic enrollment and automatic escalation errors within 9½ months after the end of the year in which the error occurred, without making up missed deferrals.	401(k), 403(b), 457(b)	Vanguard has implemented this provision. No further updates at this time.

Provision	Effective date	Summary of provision	Whom it affects	Notable considerations for plan sponsors
Long-term part-time (LTPT) worker eligibility (SECURE Act)	January 1, 2024	SECURE Act mandates that part-time employees who work at least 500 hours in each of three consecutive years must be eligible to make elective deferrals to their employer's 401(k) retirement savings plan.	401(k) plans	<p>On October 3, 2024, the Treasury Department and the IRS issued Notice 2024-73 announcing that the final regulations planned for LTPT employees in 401(k) plans will apply no earlier than to plan years beginning on or after January 1, 2026.</p> <p>A proposed regulation related to the rules for long-term part-time employees in 401(k) plans was issued on November 27, 2023.</p>
Eliminate pre-death required minimum distribution (RMD) from Roth accounts	January 1, 2024	Exempts Roth amounts in retirement plans from pre-death RMDs effective for tax years after December 31, 2023.	401(k), 403(b), governmental 457(b), 401(a), money purchase	<p>On July 18, 2024, the Treasury Department and the IRS released final RMD regulations clarifying that for beneficiaries, Roth money is subject to RMDs but is treated as if the participant died prior to their required beginning date, regardless of the participant's actual date of death.</p> <p>As a result of this rule, pre-tax and Roth money may be treated differently for RMD purposes depending upon the type of beneficiary and participant's date of death.</p>
Surviving spouse RMD election	January 1, 2024	<p>Allows surviving spousal beneficiaries to elect to be treated as the deceased retirement plan participant for purposes of RMD rules. This means that the surviving spousal beneficiary can delay their initial RMD until the latter of the year they attain age 73 or when the participant would have reached age 73.</p> <p>Additionally, the RMD may be lower because the calculation, if elected by the surviving spouse, would be based on the Uniform Lifetime Table instead of the Single Life Expectancy Table used for beneficiaries.</p>	401(k), 403(b), governmental 457(b), non-governmental 457(b), 401(a), money purchase, defined benefit	Final regulations issued by the Treasury Department and the IRS on July 18, 2024, apply different rules to spousal beneficiaries depending on if the participant died before or or/after their required beginning date (RBD).

Key provisions for the SECURE 2.0 Act

Optional provisions: Effective 2021–2024

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Qualified Disaster Recovery Distribution (QDRD)	January 26, 2021	<p>A new distribution type under the Automatic Disaster Relief provision allows plans to permit distributions of up to \$22,000 (per disaster) for people affected by a federally declared disaster. These distributions are not subject to the 10% withdrawal penalty and may be repaid within three years of distribution.</p> <p>Taxes on the distribution are spread over three years unless the participant chooses otherwise.</p>	401(k), 403(b), governmental 457(b), 401(a), money purchase	Participant distributions became available as of January 1, 2024. To provide a more streamlined and consistent service, Vanguard has implemented a systematic limit of \$22,000 per QDRD request, as well as built-in eligibility rules. Vanguard is continuously working to ensure that we offer the best possible experience to our clients and participants.
Employer contributions treated as Roth contributions	December 29, 2022	Allows employees to designate that all or part of their 100% vested employer matching contributions or nonelective contributions made after enactment be treated as Roth contributions.	401(k), 403(b), governmental 457(b)	This is optional at both the plan and participant levels. The IRS issued updated guidance for this provision on December 20, 2023.
Terminal illness exception	December 29, 2022	<p>Creates an exception to the 10% early distribution penalty tax for terminally ill individuals who take a distribution from a qualified plan.</p> <p>Participants who take a distribution when or after a physician has certified they are terminally ill have the option to repay any portion of the distribution within three years.</p>	401(k), 403(b), 401(a)	<p>On December 20, 2023, the IRS delivered guidance about this exception in Notice 2024-2. Key takeaways from the guidance can be found at vanguard.com.</p> <p>An expected technical corrections bill has the potential to establish a separate distribution option for terminal illness. If a separate distribution reason for terminal illness becomes available, we will reevaluate our service offer and share additional information at that time.</p>
Eliminate the “first day of the month” requirement for governmental 457(b) plans	Taxable years beginning after December 29, 2022	A participant can elect to defer compensation in a current month as long as the deferral agreement is entered into before the compensation is made available. It does not modify the deferral timing for 457(b) plans of nongovernment tax-exempt entities.	Governmental 457(b)	This optional provision is currently available to plan sponsors.
Recovery of retirement plan overpayments	December 29, 2022	Plans will no longer be considered noncompliant for failing to recoup inadvertent retirement plan overpayments. However, plans that decide to recoup overpayments are subject to certain limitations on how they may be collected.	401(a), 403(a), 403(b)	This optional provision is currently available to plan sponsors. On October 15, 2024, the IRS issued Notice 2024-77 , which provides clarification on inadvertent benefit overpayments and plan sponsor options available under the Employee Plans Compliance Resolution System (EPCRS).

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Expansion of the Employee Plans Compliance Resolution System (EPCRS)	December 29, 2022	SECURE 2.0 expands the ability for plan sponsors to self-correct their plan either via the self-correction program (SCP), the voluntary correction program (VCP), or the audit closing agreement program (Audit CAP).	401(a), 401(k) 403(b) (varies depending on correction)	On October 15, 2024, the IRS issued Notice 2024-77 , which provides clarification on inadvertent benefit overpayments and plan sponsor options available under the EPCRS.
Qualified birth and adoption distribution (QBAD)	January 1, 2023	Originally enacted by SECURE Act, SECURE 2.0 clarifies that the repayment period for QBADs is three years from the date of the original distribution.	401(k), 403(b), governmental 457(b), 401(a)	QBADs and their repayments are optional. SECURE 2.0 clarified that QBADs, if repaid, must be paid back within three years of the original distribution event. For QBAD distributions made prior to the enactment of SECURE 2.0, the repayment must occur prior to January 1, 2026.
Self-certification for hardship withdrawals	January 1, 2023	SECURE 2.0 modifies the current hardship rules to allow plans to permit participants to self-certify that a distribution meets the requirements for a hardship withdrawal.	401(k), 403(b)	Vanguard recommends our summary offer to administer hardship withdrawals. This service does not require the requesting participant to supply supporting documentation but does require them to have that documentation available should it ever be requested. Plan sponsors interested in adopting this provision should reach out to their client success executive.
Updates to participant notices and disclosures	January 1, 2023	This provision exempts plans from having to provide notices and disclosures to unenrolled participants, effective for plan years beginning on or after January 1, 2023.	401(k), 403(b), governmental 457(b), 401(a), money purchase	Vanguard is not prioritizing this provision at this time. We will share updates as they become available.
Emergency expense withdrawals	January 1, 2024	<p>Not all employees have sufficient savings for an emergency. This is an optional feature that would give employees access to retirement funds for emergencies and includes allowing a distribution of up to \$1,000 for personal or family emergency expenses.</p> <p>Only one distribution per year is allowed, and participants cannot take additional distributions for three years unless they repay their first distribution. The distribution may be repaid as a lump sum or through ongoing elective deferrals. Once repaid, a participant can take another emergency expense withdrawal the next calendar year after the previous distribution.</p>	401(k), 403(b), governmental 457(b), 401(a), money purchase	Plan sponsors interested in adopting this provision should reach out to their client success executive.

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Pension-linked emergency savings account (PLESA)	January 1, 2024	<p>Not all employees have sufficient savings for an emergency. An optional feature that would give employees access to retirement funds for emergencies includes offering an emergency savings account within a retirement plan for non-highly compensated employees. These employees may elect to make contributions to the emergency savings account or be automatically enrolled at a rate of no more than 3% of compensation. Amounts are contributed on a Roth basis and may be eligible for an employer match at the same rate as other deferrals. The maximum amount that may be contributed to the account is \$2,500.</p> <p>Withdrawals must be permitted at least once a month, and the first four withdrawals per year may not be subject to a withdrawal fee.</p>	401(k), 403(b), 401(a), money purchase	<p>On January 12, 2024, the IRS issued guidance for PLESA in Notice 2024-22, which provides clarification on eligibility and participation, contributions and distributions, and administration and investments. Additional guidance is expected.</p> <p>Vanguard is evaluating this provision while awaiting further clarification and is also actively working on an out-of-plan emergency savings solution.</p>
Exemptions for certain auto portability transactions	January 1, 2024	<p>Creates a statutory exemption under section 4975 of the Internal Revenue Code that provides relief for the receipt of fees and compensation by an automatic portability provider in connection with an automatic portability transaction, as long as certain notice and other requirements are met.</p> <p>Effective for transactions occurring on or after 12 months following SECURE 2.0's enactment.</p>	401(k), 403(b), governmental 457(b), 401(a), money purchase	The DOL issued a proposed regulation on January 18, 2024, designed to implement the statutory prohibited transaction exemption enacted under SECURE 2.0. The public comment period is closed, and we are awaiting the final regulation.
Matching contributions for student loans	January 1, 2024	<p>Plan sponsors may opt to make matching contributions on qualified student loan repayments without requiring employees to make elective deferrals.</p> <p>To be considered a qualified student loan repayment, the payment must be made by a participant to pay qualified higher education expenses. In addition, the total amount of the participant's qualified student loan payment cannot exceed the participant's compensation or the deferral limit, whichever is less. The combined total of the participant's qualified student loan payments and elective deferrals cannot exceed the Internal Revenue Code Section 402(g) limit.</p> <p>SECURE 2.0 allows for separate average deferral percentage (ADP) testing for student-loan matching contributions.</p>	401(k), 403(b), governmental 457(b)	This optional provision is now available to plan sponsors. If interested in student loan match, Vanguard advises plan sponsors to begin engaging with their payroll provider and ERISA counsel to discuss considerations.

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Withdrawals for domestic abuse (WDA)	January 1, 2024	Plan sponsors may elect to allow a withdrawal for domestic abuse victims in the amount of the lesser of \$10,000 or 50% of the participant's vested account balance without being subject to the 10% early withdrawal penalty. The amount may be repaid within three years of distribution.	401(k), 403(b), governmental 457(b), 401(a)	Plan sponsors interested in adopting this provision should reach out to their client success executive.
Hardship withdrawal rules for 403(b) plans	January 1, 2024	The Bipartisan Budget Act of 2018 (BBA) expanded the hardship rules for 401(k) plans to include more contribution sources and to not require a loan be taken prior to a hardship withdrawal. SECURE 2.0 removes inconsistencies between hardship rules for 401(k) plans and 403(b) plans by allowing 403(b) plan participants to receive hardship distributions from salary reduction contributions; QNECs; QMACs; and account earnings on any salary reduction contributions, QNECs, and QMACs. Also, an employee is not required to take a loan prior to being eligible for a hardship withdrawal.	403(b)	This optional provision is now available to plan sponsors.
Automatic cash-out limit increase	January 1, 2024	When a participant separates from service, the employer may choose to distribute (i.e., cash out) the participant's vested account balance without consent if the balance is under \$5,000 (or less as prescribed by the plan). Amounts between \$1,000 and \$5,000 are automatically rolled over to an IRA, while amounts of less than \$1,000 are paid as a lump sum. SECURE 2.0 increases this limit from \$5,000 to \$7,000.	401(k), 403(b), 401(a), money purchase, defined benefit	<p>This optional provision is now available to non-QJSA plans.</p> <p>Due to the spousal consent limit, Vanguard's automatic cash-out limit increase offer is not yet available for QJSA plans.</p>
Top-heavy rule changes for excludable employees	January 1, 2024	Plan sponsors may exclude participants who have not met the minimum age and service requirements when determining if any plan of the employer satisfies the top-heavy minimum contribution requirement.	401(k), 401(a)	Vanguard is not prioritizing this provision at this time. We will share updates as they become available.

2025 and beyond



Required provisions: Effective 2025–2033

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Reduced eligibility period for LTPT employees; expansion to 403(b) plans (SECURE 2.0)	January 1, 2025	SECURE 2.0 mandates that part-time employees who work at least 500 hours in each of two consecutive years must be eligible to make elective deferrals to their employer's retirement savings plan.	401(k), 403(b)	<p>On October 3, 2024, the Treasury Department and the IRS issued Notice 2024-73 addressing the application of nondiscrimination rules for 403(b) plans with respect to LTPT employees.</p> <p>This updated regulation will apply to plan years beginning on or after January 1, 2025. Plan sponsors can rely on the proposal until the regulation is finalized or other guidance is issued.</p>
Mandatory automatic enrollment for new plans	Applies to contributions made after January 1, 2025	<p>Employers with more than 10 employees and who have been in business for three or more years must implement an automatic enrollment provision for a new 401(k) or 403(b) plan established on or after December 29, 2022.</p> <p>Existing plans are grandfathered and are not required to offer automatic enrollment. Beginning January 1, 2025, the initial deferral percentage:</p> <ul style="list-style-type: none"> • Must be at least 3% but cannot exceed 10%. • Must automatically increase yearly by 1% until reaching at least 10% (but not exceeding 15%). <p>Automatically enrolled participants may affirmatively elect to defer a higher or lower percentage or may choose not to defer. This provision does not apply to church or government plans.</p>	401(k), 403(b)	<p>On January 14, 2025, the Treasury Department and the IRS issued proposed regulations providing guidance to plan sponsors on how to properly implement this requirement. The proposed regulations apply to plan years that begin more than six months after the date that the final regulations are issued.</p> <p>Plan administrators must apply a reasonable, good faith interpretation of the statute before the final regulations are applicable.</p>
Retirement savings lost and found	January 1, 2025	SECURE 2.0 directs the Department of Labor (DOL) to create a searchable online retirement savings lost and found database that will enable workers to locate retirement benefits to which they may be entitled. No transfer of assets is required.	Applies to plans subject to the vesting standards under ERISA §203.	<p>On November 14, 2024, the DOL issued a revised Information Collection Request (ICR) outlining data elements needed to populate the database and the methods by which retirement plan administrators can submit this information.</p> <p>The database went live at the end of December 2024; however, the ICR is currently voluntary. No plan sponsor action is required at this time.</p>

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Roth catch-up contributions	January 1, 2026	<p>SECURE 2.0 changes how some participants must make catch-up contributions. Beginning with the 2026 taxable year, participants age 50 or older who earned more than \$145,000 in FICA wages in the previous year will be required to make catch-up contributions as Roth contributions (Roth-required participants). Participants who earned \$145,000 or less may continue to make pre-tax catch-up contributions. (Only compensation from the employer sponsoring the plan counts toward the \$145,000 limit).¹</p> <p>In accordance with an IRS proposed regulation from January 2025, plans that currently offer catch-up contributions without a Roth contribution feature may continue to do so. However, participants who exceed the mandatory Roth catch-up FICA wage limit will not be eligible to make any catch-up contributions. Therefore, plan sponsors will still be required to track Roth-required participants.</p>	401(k), 403(b), governmental 457(b)	<p>On January 13, 2025, the Treasury Department and the IRS issued proposed regulations providing additional guidance on this provision.</p> <p>Plans that offer catch-up contributions with a Roth contribution option will need to ensure that Roth-required participants make catch-up contributions only as Roth contributions.</p> <p>Plans that offer catch-up contributions without a Roth contribution option will need to ensure that Roth-required participants do not make any catch-up contributions at all.</p> <p>Vanguard strongly encourages the addition of a Roth contribution option to provide tax diversification for all participants, with the added benefit that Roth-required participants will be able to continue making catch-up contributions after January 1, 2026.</p>
Annual paper statements	January 1, 2026	Defined contribution plans must provide at least one paper benefit statement each year unless the participant specifically elects electronic delivery.	401(k), 403(b), 401(a), money purchase, defined benefit	Vanguard is prepared to be in compliance by the effective date.
Required minimum distribution (RMD) age increase to 75	January 1, 2033	The age at which participants must start taking RMDs increases to 75 (after having been set to age 73 in 2023).	401(k), 403(b), governmental 457(b), nongovernmental 457(b), 401(a), money purchase, defined benefit	Vanguard is prepared to be in compliance by the effective date.

¹ Beginning in 2025, the FICA wage limit will be indexed in increments of \$5,000.

Optional provisions: Effective 2025–2027

Provision	Effective date	Summary of provision	Whom it affects	Considerations for plan sponsors
Higher catch-up contribution limit	January 1, 2025	SECURE 2.0 increases the catch-up limit for participants ages 60–63 to the greater of \$10,000 or 150% of the then-current catch-up limit.	401(k), 403(b), governmental 457(b)	Beginning at age 64, the regular catch-up limits apply. This optional provision is now available to plan sponsors. Plan sponsors interested in adopting this optional provision should contact their client success executive.
Saver's match	January 1, 2027	The saver's credit for contributions to retirement plans and IRAs will no longer be refunded in cash. Credits greater than \$100 will be deposited into the taxpayer's 401(k), 403(b), or IRA. Credit will equal 50% of contributions up to \$2,000 per person, with an income-based phaseout.	401(k), 403(b), governmental 457(b)	Vanguard is prioritizing provisions with more immediate effective dates. Plans will need to determine whether they'll accept the credit. Saver's credit will become Saver's match in 2027.



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Have questions? Ask us.

We're committed to working with you to help implement the provisions of SECURE 2.0. If you need additional information or have questions, we're here to assist. Please contact your Vanguard representative or your retirement plan advisor to learn more.

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