SECURE 2.0: Key Provisions*

Voya applauds the passing of Secure Act 2.0 into law. This new legislation aligns with Voya's mission to make a secure financial future possible for all by providing workers an opportunity for greater access to retirement savings.

SECURE 2.0 includes many provisions related to retirement plans and IRAs that expand participant coverage, help participants preserve income and simplify plan rules and administrative procedures. This summary includes highlights but is not intended to be an exhaustive list.

Immediate mandatory changes effective in 2023

What's changing	What it means
Required Minimum Distributions (RMD) Age Increases The required age for an RMD beginning date is increased for participants and spousal beneficiaries of a participant that died prior to reaching the RMD beginning date. New RMD ages are: • 73 for an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033 • 75 for an individual who attains age 74 after December 31, 2032	**Impact: Mandatory** It allows participants to keep their savings in their retirement plan for a longer period. Effective date: Calendar years after December 31, 2022 Applicable plans: 401(a), 401(k), 403(b), 457(b) plans and traditional IRAs
RMD Excise Tax Reduction The Internal Revenue Code currently imposes a 50% excise tax on RMD's 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).	**Impact: Mandatory** Lower penalties allow participants to preserve more of their retirement income. Effective for taxable years beginning after December 29, 2022 Applicable plans: 401(a), 401(k), 403(b), 457(b) plans and traditional IRAs
Broadened Internal Revenue Service (IRS) 10% Premature Distribution Tax Penalty Exemption for Public Safety Employees and New Exemption for Private Sector Firefighters "Qualified public safety employees" in governmental plans who are age 50 or older have an exemption from the IRS 10% premature distribution penalty tax. This provision adds the exemption for private sector firefighters and broadens exemption for governmental employers to earlier of age 50 or 25 years of service under the plan.	**Impact: Mandatory** Income preservation for a broader group of public safety employees and private firefighters. Effective for distributions made after December 29, 2022 Applicable plans: 401(a), 401(k) and 403(b) plans

Optional changes effective in 2023

What's changing	What it means
Credit for Small Employer Startup Costs 1. **Start-up credit –** Increases the startup credit for employers with between 1 and 50 employees from fifty (50%) percent to one hundred (100%) percent up to $5,000. Note: The increase does not apply to plans of employers with between 51 and 100 employees and that credit remains at fifty (50%). 2. **Employer Contribution Credit –** An additional credit is provided for employer contributions (except in the case of defined benefit plans) equal to 100% in the year in which the plan is established. This credit excludes contributions made for employees earning $100,000 or more in wages. (a) **Credit for employers with 50 or fewer employees** The amount of the additional credit generally will be a percentage of the amount contributed by the employer on behalf of employees, up to a per-employee cap of $1,000.	**Impact: Optional** Provides an additional financial incentive for small employers to offer a retirement plan Effective for taxable years beginning after December 31, 2022 Applicable plans: Section 401 defined contribution plans, SEPs, and SIMPLE IRAs

Taxable year beginning after the taxable year during which plan is established	Applicable Percentage
Year 1	100%
Year 2	75%
Year 3	50%
Year 4	25%
Year 5	0%

(b) **Credit Phase-in for employers with between 51 and 100 employees**
The credit is reduced by an amount equal to the product of '(i) the amount otherwise so determined under paragraph (2), multiplied by '(ii) a percentage equal to 2 percentage points for each employee of the employer for the preceding taxable year in excess of 50 employees.

* The startup tax credit is available to employers starting a new plan by joining a MEP or PEP. The credit will be available for the first three years an employer starts a plan under a MEP or PEP regardless of how long the MEP or PEP has been in existence.

Designation of a Fiduciary for a Pooled Employer Plan (PEP) Permits a PEP to designate a named fiduciary (other than a PEP employer) to collect employer contributions provided the fiduciary implements written contribution collection procedures that are reasonable, diligent, and systematic.	**Impact: Optional** Creates new options for PEP sponsors Effective date: Plan years after December 31, 2022 Applicable plans: 401(a), 401(k), and 403(b) plans

What's changing	What it means
Extension of Multiple Employer Plans (MEPs) to 403(b) Plans Permits 403(b) plans to participate in a MEP, (provided that the MEP is only comprised of either governmental or non-governmental employers). Additionally, 403(b) plans subject to ERISA may participate in a 403(b) pooled employer plan ("PEP").	**Impact: Optional** Opportunity to consider innovations in 403(b) plan structures Effective date: Plan years after December 31, 2022 Applicable plans: 403(b) plans
Qualified Birth and Adoption Distributions (QBAD) A participant who has taken a QBAD may repay that distribution to an eligible retirement plan accepting rollovers during the three-year period beginning on the day after the date on which the QBAD was received.	**Impact: Optional** Establishes time limit for repayment of QBADs for those participants who wish to repay Effective date: Retroactive effective date – QBADs made after December 31, 2019 Applicable plans: 401(a), 401(k), 403(b), governmental 457(b) plans and traditional IRAs
Self-certification of Hardships and Unforeseen Emergency Withdrawals A plan administrator may rely on an employee certification that a hardship withdrawal or unforeseen emergency distribution is based upon an immediate and heavy financial need, as described in the Treasury regulations, and that the amount requested is no more than is necessary.	**Impact: Optional** Allows plan sponsors the choice to accept self-certification for hardships and unforeseen emergency distributions Effective date: Plan years beginning after December 29, 2022 Applicable plans: 401(k) and 403(b) plans (hardship withdrawals); governmental 457(b) plans (unforeseeable emergency distributions)
Eliminating Unnecessary Plan Requirements for Unenrolled Participants Provided a participant has received a summary plan description and documents related to eligibility, a defined contribution plan is not required to provide disclosures or notices to employees who are eligible but have not enrolled in the plan, other than an annual reminder notice of eligibility and applicable deadlines, as well as any required documents upon a participant's request.	**Impact: Optional** Evaluate compliance notice and communication practices for efficiency Effective date: Plan years after December 31, 2022 Applicable plans: 401(a), 401(k), and 403(b) defined contribution plans

What's changing	What it means
Treatment of Employer Contributions as Roth An employer may designate matching contributions or nonelective contributions as Roth contributions, provided that the participant is fully vested in such Roth employer contributions. *As drafted, SECURE 2.0 created pending questions regarding the Employer FICA obligations for such contributions.	**Impact: Optional** Effective date: Contributions made after December 29, 2022 Applicable plans: 401(a), 401(k), 403(b) or governmental 457(b) plans
Qualified Disaster Distributions and Loans Permits participants who meet certain criteria to take a distribution up to $22,000 (aggregated across all of a participant's plan accounts, including IRAs) due to a federal disaster declaration. Distributions are not subject to the IRS 10% premature distribution penalty tax and can be amortized as income over a three-year period. Amounts distributed prior to the disaster to purchase a home can be recontributed. The employer is responsible for monitoring the $22,000 limit for each of the plans within its controlled group. Increases the loan limit due to a federal disaster declaration from $50,000 to $100,000 and delays the repayment for up to a year.	**Impact: Optional** Effective date: Retroactive application to disasters occurring on or after January 26, 2021 Applicable plans: 401(a), 401(k), 403(b), or governmental 457(b) plans (distributions and loans), traditional IRAs (distributions only)
Modification of "first day of the month" Requirement for Governmental 457(b) Plans Currently, governmental 457(b) plan participants must make a deferral election in the month prior to the month in which compensation is paid. SECURE 2.0 changes this rule to deferral elections effective with respect to compensation not yet paid or made available.	**Impact: Optional** Aligns deferral timing of deferral elections in a governmental 457(b) plan with elections under 401(k) and 403(b) plans Effective for taxable years beginning after December 29, 2022 Applicable plans: governmental 457(b) plans

Effective in 2024

What's changing	What it means
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.	**Impact: Mandatory (for plans that allow Age 50+ Catch-up Contributions)** If the plan allows Age 50+ Catch up contributions, it will also need to allow for Roth contributions. Effective date: Tax years after December 31, 2023 Applicable plans: 401(k), 403(b) and governmental 457(b) plans
Separate Top-Heavy Testing of Excludable Employees Currently, separate non-discrimination testing permits employees under 21 years of with less than 1 year of service to be excluded (the "Excludable Employees") since the Internal Revenue Code does not require them to be eligible for plan participation. Separate non-discrimination testing incentivizes plan sponsors to include these Excludable Employees in the plan since their deferral rates will have no impact on non-discrimination tests. The same is not true for Top-Heavy testing. Including the Excludable Employees could cause Top-Heavy Test failures and be expensive for plan sponsors.	**Impact: Optional** SECURE 2.0 eliminates the incentive to exclude these formerly excluded employees from the plan. Effective date: Plan years after December 31, 2023 Applicable plans: 401(a) and 401(k) plans
Clarification of Substantially Equal Periodic Payment Rule A substantially equal periodic payment is not subject to an IRS 10% premature distribution penalty tax. SECURE 2.0 clarifies that the exception still applies if the amount is rolled over or exchanged for an annuity that satisfies RMD requirements.	**Impact: Mandatory** Effective date: Transfers, rollovers, exchanges, and distributions (as applicable) occurring on or after December 31, 2023, and effective for annuity distributions beginning after December 29, 2022 Applicable plans: 401(a), 401(k), 403(b) plans and traditional IRAs

What's changing	What it means
Roth Plan Distribution Rules Under current law, RMDs to a plan participant must consider all amounts (both non-Roth and Roth) from that participant's account from an employer-sponsored retirement plan. SECURE 2.0 eliminates this requirement so that the designated Roth account under a plan is not subject to RMD during the participant's lifetime.	**Impact: Mandatory (for plans with Roth feature)** Allows participants to preserve retirement account balances Effective date: Tax years after December 31, 2023 Applicable plans: 401(k), 403(b), and governmental 457(b) plans with a designated Roth feature
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 make an irrevocable election to be treated as the participant for purposes of RMDs, including use of the Uniform Life Table for calculating the spouse's RMD. The spouse may receive the entire account by 12/31 of the calendar year containing the 10th anniversary of the participant's death or may receive distributions over the spouse's life expectancy beginning no earlier than the date that the deceased participant would have attained the RMD beginning age.	**Impact: Mandatory** The spouse may elect to defer RMD to a later date and have RMD calculated under a potentially more favorable life expectancy table Effective date: Calendar years after December 31, 2023 Applicable plans: 401(a), 401(k), 403(b) and 457(b) plans
Safe Harbor for Corrections of Employee Elective Deferral Failures Currently, there is safe harbor guidance for correction of elective deferral issues, but it is slated to expire in 2023. SECURE 2.0 addresses the issue by providing a statutory safe harbor for the correction of a reasonable administrative error involving automatic contribution or automatic escalation.	**Impact: Mandatory** (treatment of corrections by Treasury) To meet the safe harbor errors must be corrected prior to 9½ months after the end of the plan year in which the error occurred, corrected in a manner that is favorable to the participant, and consistently applied. Effective date: Errors after December 31, 2023 Applicable plans: 401(k), 403(b), governmental 457(b) plans and traditional IRAs

What's changing	What it means
Starter 401(k) Plans for Employers A starter 401(k) plan or 403(b) plan would generally require that: (1) All employees be default enrolled in the plan at a 3 to 15 percent of compensation deferral rate. (2) Only deferrals are permitted. The limit on annual deferrals is the same as the IRA contribution limit, ($6,000 in 2022 and subject to IRA annual cost of living adjustments in $500 increments) with an additional $1,000 in catch-up contributions beginning at age 50	**Impact: Optional** Permits an employer that does not sponsor a retirement plan to offer a starter 401(k) plan or 403(b) plan Effective date: Plan years after December 31, 2023 Applicable plans: 401(k) and 403(b) plans
Student Loan Payments for Matching Purposes Permits an employer to make matching contributions to a retirement plan with respect to "qualified student loan payments." • Qualified student loan payment is broadly defined as any indebtedness incurred by the employee solely to pay qualified higher education expenses of the employee. • Separate nondiscrimination testing for employees who receive matching contributions on student loan repayments. • A retirement plan sponsor may rely on employee certification of payment. • SECURE 2.0 directs Treasury to publish regulations relating to this provision.	**Impact: Optional** Assists employees who may not be able to save for retirement because they are overwhelmed with student debt and miss out on available employer matching contributions Effective date: Plan years after December 31, 2023 Applicable plans: 401(k), 403(b) and governmental 457(b) plans and SIMPLE IRAs
Withdrawal for Emergency Personal Expenses Provides an exception to the IRS 10% premature distribution penalty tax for certain distributions for emergency expenses, which are unforeseeable or immediate financial needs relating to "personal or family emergency expenses." • Only one distribution is permissible per calendar year of up to $1,000 • Taxpayer has the option to repay the distribution within 3 years. • No further emergency distributions are permissible during the 3-year repayment period unless direct repayment occurs, or aggregate elective deferrals are contributed to the plan in at least the amount that was distributed and not repaid. • Plan administrator may rely on a participant's certification unless the plan administrator has actual knowledge to the contrary.	**Impact: Optional** Reduce the tax penalty for participants taking a hardship distribution up to certain limitations Effective date: Distributions made after December 31, 2023 Applicable plans: 401(a), 401(k), 403(b), governmental 457(b) plans and traditional IRAs

What's changing	What it means
Exemption for Certain Automatic Portability Permits retirement plan recordkeepers and other firms to provide employer plans with automatic portability services**.** Such services involve the automatic transfer of a participant's default IRA (established in connection with a distribution from a former employer's plan) into the participant's new employer's retirement plan, unless the participant affirmatively elects otherwise. Requirements: (1) must be an active participant in the new employer plan; and (2) the automatic portability provider acknowledges fiduciary status.	**Impact: Optional** Creates a new option for plan sponsors to consider for small balance mandatory distributions with a goal to increase retirement savings by automatically transferring small balance mandatory distributions to a participant's new employer if applicable Effective date: Transactions occurring on or after December 29, 2023 Applicable plans: defined contribution 401(a), 401(k), 403(b), and governmental 457(b) plans
Emergency Savings Accounts under Defined Contribution Plans Retirement plans may offer their non-highly compensated employees plan-linked emergency savings accounts. (Once an individual becomes a highly compensated employee (as defined in the Internal Revenue Code), then contributions must stop). • Plans may automatically enroll employees into these accounts at no more than 3 percent of their salary. • The account is capped at $2,500 (or lower as set by the employer). The $2,500 cap is subject to IRS annual cost of living adjustments in $100 increments. • Once the cap is reached, the additional contributions can be directed to the employee's Roth defined contribution plan (if they have one) or stopped until the balance attributable to contributions falls below the cap. • Contributions are made on a Roth-like basis • Treated as elective deferrals for purposes of retirement matching contributions with an annual matching cap set at the maximum account balance of $2,500 or lower. • Allows at least one withdrawal per calendar month. The first four withdrawals from the account each plan year may not be subject to any fees or charges solely on the basis of such withdrawals. • Exempt from IRS 10% premature withdrawal penalty tax. • At separation from service emergency savings accounts can be distributed or rolled into a Roth source within a plan or IRA.	**Impact: Optional** Provide an alternative source of money for participants when an emergency arises so they do not have to tap into their retirement savings Effective date: Plan years after December 31, 2023 Applicable plans: 401(k), 403(b), and governmental 457(b) plans

What's changing	What it means
Increase in Small Balance Mandatory Distribution Threshold The dollar amount which a plan may authorize a distribution of a terminated participant's vested account without the participant's consent increases from $5,000 to $7,000.	**Impact: Optional** Increase the small balance mandatory distribution limit from $5,000 to $7,000 for inactive and dormant accounts in plans Effective date: Distributions after December 31, 2023 Applicable plans: 401(a), 401(k), 403(b), and governmental 457(b) plans
Penalty-free withdrawal for domestic abuse cases Permits participants who self-certify they experienced domestic abuse to obtain a withdrawal (the lesser of $10,000, indexed for inflation, or 50 percent of the participant's account). • The distribution is not subject to the IRS 10 percent penalty tax on premature distributions. • Additionally, a participant can repay the withdrawn money from the retirement plan over 3 years and will be refunded for income taxes on money that is repaid.	**Impact: Optional** Provide a domestic abuse survivor with access to their retirement account for various reasons, such as escaping an unsafe situation Effective date: Distributions made after December 31, 2023 Applicable plans: 401(k) and 403(b) plans; governmental 457(b) plans
Modified Hardship Withdrawal Rules for 403(b) Plans Currently, a hardship distribution from a 403(b) plan may be withdrawn from employee contributions and (if the plan's investment product is an annuity contract) from qualified matching contributions and qualified nonelective contributions. Earnings on contributions are not available for a hardship withdrawal. SECURE 2.0 will permit a 403(b) plan to allow a hardship withdrawal from qualified matching contributions and qualified nonelective contributions (regardless of the 403(b) plan's investment product) and from earnings on contributions.	**Impact: Optional** Aligns the 403(b) hardship rules with 401(k) hardship rules Effective date: Plan years after December 31, 2023 Applicable plans: 403(b) plans
529 College Savings Account Portability Permits a beneficiary under a 529 college savings 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 college savings account. Contributions rolled over cannot exceed the aggregate amount contributed (including earnings) before the five (5) year period ending on the date of the rollover.	**Impact: Optional** Permits individuals with funds remaining in a 529 college savings account to preserve favorable tax treatment without a tax penalty via a rollover into a Roth IRA Effective for distributions after December 31, 2023 Applicable plans: Roth IRAs

Longer-term considerations, effective 2025 or later

What's changing	What it means for you
Automatic Enrollment and Increase for New Plans Eligible Automatic Contribution Arrangement is required for 401(k) and certain 403(b) plans established after December 29, 2022. Such plans must automatically enroll eligible participants using an initial 3% minimum and 10% maximum contribution rate. Each year thereafter, that percentage must automatically increase by 1% up to at least 10% (but capped at 15% of compensation). A plan with an eligible automatic contribution arrangement operating under a nondiscrimination safe harbor has a 10% cap on permissible automatic escalation for plan years ending before January 1, 2025. The plan must permit a participant to make withdrawals no later than 90 days after the date of the first contribution. Eligible participants may opt out of the automatic contribution or elect another percentage to be deferred into the plan.	**Impact: Mandatory** Exclusions: This provision does not apply to: (1) 401(k) and 403(b) plans that were adopted on or prior to December 29, 2022; (2) governmental or church plans; (3) SIMPLE 401(k) plans; (4) new businesses (in existence for less than three years); and (5) small employers (normally employing ten or fewer employees) Effective date: Plan years after December 31, 2024 Applicable plans: 401(k) and 403(b)
Increased Catch-up Contribution Limits 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 not under a SIMPLE plan **who have reached ages 60, 61, 62 and 63.** For participants who are between the ages of 60 and 63 and who participate in a SIMPLE 401(k) or SIMPLE IRA, the age-based catch-up contribution limit is increased to the greater of $2,500 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). • After age 63, the standard age 50+ catch-up limits will apply • For eligible governmental 457(b) plan participants, this catch-up cannot be used in the same tax year as the Special I 457 Catch-up.	**Impact: Optional** If adopted by plan sponsor, allows participants ages 60, 61, 62 and 63 to make additional catch-up contributions Effective date: Taxable years beginning after December 31, 2024 Applicable plans: 401(k), SIMPLE 401(k), 403(b), and governmental 457(b) plans and SIMPLE IRAs

What's changing	What it means for you
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. • Individuals will now 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.	**Impact: Mandatory** Requires part-time workers to be eligible to join applicable retirement plans sooner Effective date: Plan years after December 31, 2024 Applicable plans: ERISA 401(k) and ERISA 403(b) plans
Modification of Age for Qualified ABLE Accounts Increases the age-based threshold at which an individual's disability must occur for contribution eligibility to an ABLE account from 26 to 46. Generally, distributions from an ABLE account are tax-free if used for qualified disability expenses of the account's designated beneficiary.	**Impact: Mandatory** (for ABLE Program eligibility treatment) Effective for taxable years beginning after December 31, 2025 Applicable plans: ABLE Program
Saver's Match Current law provides for a nonrefundable credit for certain individuals who make contributions to individual retirement accounts ("IRAs"), employer retirement plans (such as 401(k) plans), and ABLE accounts. This rule change repeals and replaces the credit with respect to IRA and retirement plan contributions, changing it from a credit paid in cash as part of a tax refund into a federal matching contribution that must be deposited into a taxpayer's IRA or certain eligible retirement plan. The match is 50 percent of IRA or retirement plan contributions up to $2,000 per individual. The match phases out between $41,000 and $71,000 in the case of taxpayers filing a joint federal individual income tax return ($20,500 to $35,500 for single taxpayers and married filing separate; $30,750 to $53,250 for head of household filers). NOTE: Saver's Match cannot be withdrawn without incurring penalties, including repayment to the U.S. Treasury Department in some cases where the Saver's Match is withdrawn from an individual retirement account before retirement.	**Impact: Mandatory** (for credits received after the effective date) Provides an incentive for individuals to save for retirement and ensure that the credit provided is invested for retirement Effective for taxable years after December 31, 2026 Applicable plans: defined contribution 401(k), 403(b), governmental 457(b), SEP and SIMPLE plans and traditional IRAs

What's changing	What it means for you
Paper Benefit Statements Amends ERISA to require that a defined contribution plan provide at least one paper benefit statement to participants annually and one paper benefit statement every three years to participants in a defined benefit plan, unless a participant in either plan type elects otherwise.	**Impact: Mandatory** Effective date: Plan years after December 31, 2025 Applicable plans: ERISA 401(a), ERISA 401(k), and ERISA 403(b) plans
Plan Amendments Plan amendments to satisfy SECURE 2.0 must be adopted no later than the end of the 2025 plan year for nongovernmental plans, and the end of the 2027 plan year for governmental plans and collectively bargained plans, unless the Secretary of the Treasury provides for a later date. SECURE 2.0 also extends the plan amendment deadline for Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE), the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 to align with the plan amendment deadlines noted above.	**Impact: Mandatory** Plan sponsors must amend their plan documents no later than the dates set forth.
403(b) Collective Investment Trusts (CIT) Generally, 403(b) plans can only invest in annuity contracts and mutual funds. Prior to SECURE, CITs were not an available investment option under the Internal Revenue Code. SECURE 2.0 made the necessary Internal Revenue Code changes to permit 403(b) plan investments in CITs, but the corresponding securities law changes were not made (e.g., exemptions from registration). Accordingly, these changes will need to be made before CITs are a viable option for 403(b) plans.	**Impact: Optional (Pending SEC Approval)** Effective date is to be determined. More information is expected when corresponding securities laws change. Applicable plans: 403(b) plans

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