



WINTER 2020



SECURE ACT SIGNED INTO LAW

The most significant piece of retirement plan legislation in more than a decade was signed into law by President Trump on December 20, 2019. The Setting Every Community Up for Retirement Enhancement (SECURE) Act contains nearly thirty provisions that will have a direct impact on retirement plans – and many of them are effective January 1, 2020.

The National Association of Plan Advisors was actively involved in shaping and refining this legislation, and was a strong advocate in its passage by the U.S. House of Representatives in May 2019 by a bipartisan vote of 417-3.

Certain key provisions in the legislation are designed to:

Expand Access

- open MEPs (PEPs);
- simplify safe harbor 401(k) rules;
- increase tax credit for small plan start-up costs;
- extend plan adoption date; and
- modify the DB nondiscrimination rules to protect longer-service participants in frozen plans.

Save More

- increase the auto enroll safe harbor cap; and
- allow long-term part-time workers to participate in 401(k) plans.

Keep More Savings

- portability of lifetime income options;
- fiduciary safe harbor for selection of lifetime income provider;
- modify the treatment of custodial accounts on termination of Section 403(b) plans; and
- require disclosures regarding lifetime income.

See page 2 for a quick summary of key SECURE Act provisions and effective dates.

RECORD ATTENDANCE EXPECTED AT THE 2020 NAPA 401(k) SUMMIT!

Advisors from all over the nation are currently making plans to attend the nation's retirement plan advisor convention – the NAPA 401(k) Summit. Over the past five years, attendance has nearly doubled – reflecting the value that the event's unique combination of expert insights, inspirational keynotes, and action-oriented, interactive workshops bring to the nation's leading advisors.

This year's Summit is in Orlando, Florida, April 26-28, and includes three special sessions dedicated to key aspects of the recently passed SECURE Act, including keynotes from *Lone Survivor* best-selling author Marcus Luttrell, two-time World Cup winning Coach of the U.S. Women's National Soccer Team, Jill Ellis, and speaker, author and executive coach Dominick Quartuccio.

The agenda, developed with input from thousands of retirement plan advisors, is further shaped, refined, and ultimately built, by a steering committee of leading advisors and other industry professionals.

There's no "pay to play" – nobody "buys" a speaking slot at the Summit – and fully half of our "workshops" are focused on practice building/practice management. That, and with the extra-special "peer-to-peer" session, attendees can contemplate, collaborate, and communicate regarding some of the most significant issues.



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The Setting Every Community Up for Retirement Enhancement (SECURE) Act was signed into law on December 20, 2019. SECURE contains nearly 30 provisions that will have a direct impact on retirement plans. The following summary highlights key provisions and timing.

Priority	Provision	Timing
REQUIRED	Must include the annuitized amount of an individual's account balance on a statement at least once per year.	Does not take effect until regulations are finalized, which might not occur until 2021.
REQUIRED	Required Minimum Distribution age increases to 72 from 70 ½.	Applicable for individuals who attain age 70½ after 12/31/19.
REQUIRED	Part-time employees who work 500 hours or more for three consecutive years must be treated as eligible to participate in the plan (and are 21 years of age or older). However, no employer contributions required for this group.	Effective date of provision is for plan years beginning after 12/31/20 and hours prior to 1/1/21 do not count; regulations will be needed for this provision.
OPTIONAL	Auto Enroll Safe Harbor Plans (QACA) may increase the Auto Escalation cap to 15% of pay from the current 10% cap.	Effective immediately; however, regulations will most likely be drafted on this rule.
OPTIONAL	To encourage the availability of lifetime income options on plan menus, the law expands the fiduciary safe harbor for selection of an annuity provider that satisfies certain conditions.	Effective immediately; however, regulations will most likely be drafted on this rule.
OPTIONAL	Withdrawals of up to \$5,000 may be provided to cover expenses associated with birth or adoption of child.	Effective for distributions after 12/31/19; however, should confirm timing with plan recordkeeper.
OPTIONAL	SECURE amends rules pertaining to multiple employer plans to enable more small businesses to adopt this type of plan. The new plans will be called Pooled Employer Plans.	The rules take effect in 2021. Regulations will be necessary.
OPTIONAL	Currently, a plan sponsor may elect to adopt a safe harbor plan design with nonelective contributions as late as 30 days prior to close of the plan year. You can now adopt within the 30 days prior to the close of the plan year through the next plan year, but an additional 1% non-elective contribution is required.	May implement for plan years beginning after 12/31/19; however, regulations will most likely be drafted on this rule.

PLEASE NOTE: SECURE includes significant increase in penalties for failure to provide notice of withholding election, 8955-SSA, and timely file Form 5500, effective for notices and filings after 12/31/19.

SECURE includes language designed to ensure amendments to plan documents are most likely not necessary until at least the end of the 2022 plan year; however, plans will need to follow new mandatory provisions from an operational standpoint immediately.

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