SECURE Act of 2019

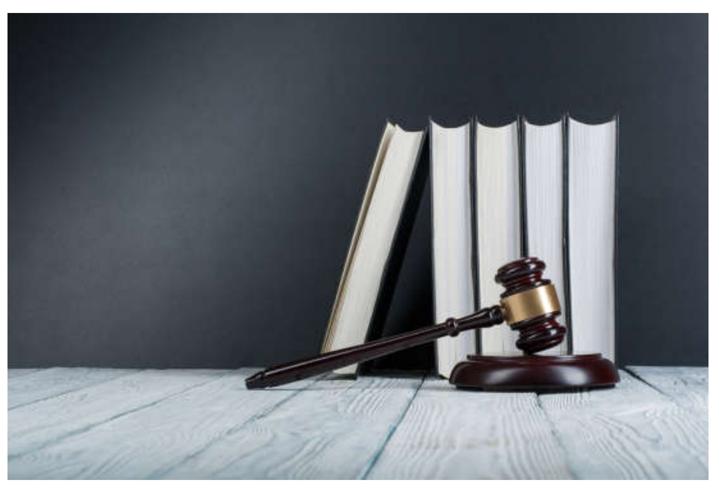
On December 20, 2019, President Trump signed into law the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019. The SECURE Act includes several changes for retirement plans and employee benefits. The summary below shows the retirement plan changes:

Effective for plan years beginning in 2020:

- The Required Minimum Distribution age would increase from age 70 1/2 to age 72 for anyone who did not turn age 70 ½ prior to 12/31/19.
- Plan participants may take a withdrawal of up to $5,000 per birth or adoption from a retirement plan. This withdrawal would not be subject to the 10% early withdrawal penalty or the mandatory 20% federal withholding tax and could be repaid to the plan.
- Qualified Automatic Contribution Arrangement (QACA) plans can now auto escalate 401(k) deferrals to 15% of compensation after the first year the employee is enrolled.
- A tax credit is available for plans that adopt or add automatic enrollment to their plan. The credit is $500 per year for up to three years.
- The start-up credit for employers adopting a new plan has increased.
- Annual notices for Safe Harbor plans with a 3% QNEC contribution will no longer be required. The initial notice is must still be provided.
- A plan can add a non-elective Safe harbor contribution mid-year is certain requirements are met.
- An employer can adopt a plan for a taxable year by the due date of the employer's tax return including extensions.
- The IRS has increased fees for late filing of the Form 5500 among other notices.

Effective for plan years beginning in 2021:

- Long term part-time employees that have worked more than 3 consecutive years with at least 500 hours will be required to enter the plan.
- Unrelated employers will be allowed to participate in an "open" multiple employer plan (MEP).



Within one year of guidance from the Department of Labor:

- Participant statements will need to show lifetime income disclosures once per 12 month period