SECTION 603	
TAX TREATMENT	
Why was $145,000 picked for the limit to determine whether catch-up contributions would be Roth or Pre-Tax?	Unclear.
If a participant is over the $145,000 income threshold the previous year, must all their current contribution dollars be treated as Roth, or only those falling under the 50+ or new 60-63 catch-up provision?	No. Section 603 only affects these participant's catch-up contributions. Participants making more than $145,000 in the preceding year could still choose to make their regular contributions pre-tax.
Is the $145,000 gross income or taxable income?	Income is FICA wages as defined in Code §3121(a).
Can we require that all age-based catch-up provisions be made as Roth, regardless of previous year's salary?	Unclear. Requiring all catch-up contributions, regardless of income, be made as Roth is not directly addressed. The IRS may provide additional guidance on this point*.
Can we restrict all age-based catch-up contributions to employees whose previous year's salary was $145,000 or less?	Unclear. Recently, Treasury suggested they are considering guidance that would allow plans without Roth to provide catch-up contributions only to employees who made less than $145,000 the previous year. We expect further guidance on this issue.*
TIMELINE	
Do plans have to adopt the changes in 2024, but have an additional 3 years to change the plan document to reflect this?	No. Based on recent Treasury guidance, plans have an administrative transition period that allows them to maintain their current catch up program while working to implement the changes in Section 603 by December 31, 2025. Plan documents still need to be amended by December 31,2026.
INCOME VERIFICATION	
Is the plan sponsor responsible for verifying participant salary relative to the $145,000 threshold if they did not work for an employer in the plan the previous year?	Unclear, but it appears "no." Section 603 states that the employer, not the plan sponsor is responsible for verifying income from the employer. State plans with multiple state and local employers will need guidance from the IRS on the definition of "employer". Recent Treasury guidance suggested they are considering a rule that would allow income from only the primary employer to be used to determine salary for multiple employer plans. However, this was not finalized, and we expect further guidance soon.*
If a participant works for more than one participating employer simultaneously and contributes to the plan under both, who is responsible for coordinating the compensation totals among those employers to ensure the plan tracks the total compensation?	Unclear. Treasury recently suggested they are considering guidance to alleviate the plan sponsor from having to aggregate data for employees receiving a salary from more than one employer in the plan. While this guidance addresses this question directly, it was categorized as "guidance under consideration", and has not officially been addressed by the Treasury or IRS.
Who is responsible for income verification in multi-employer plans?	The employer. Section 603 states that the employer, not the plan sponsor is responsible for verifying income from the employer. State plans with multiple state and local employers will need guidance from the IRS on the definition of "employer". *

	Multi-employer may need to update their existing joinder or other participation agreements with political subdivisions to require income verification by the employer.
Would it be acceptable to ask the participant prior to making their election if they made over $145,000 in the prior year?	No. SECURE 2.0 does not allow for self-certification in this instance.
SPECIAL CATCH-UP PROVISIONS	
Does Section 603 affect the 457 special catch-up provision?	No.
Does Section 603 affect the 403b 15-year catch-up?	No.
STATUTORY PLANS	
Does this federal law preempt state laws and automatically allow a plan to add Roth if the state statute does not?	No. This Section of SECURE 2.0 does not preempt state law. If a plan is created by statute, and does not allow Roth contributions, the statute must be changed to allow Roth contributions and for the plan to be able to offer catch-up contributions.
PLANS WITHOUT ROTH	
If we currently do not offer Roth, are we required to suspend or terminate age 50+ catch-up contributions for all employees regardless of income until we add the Roth options for our plans?	Yes. Plans must have a Roth option to allow catch-up contributions starting in 2026. However, recent Treasury guidance suggested they are considering a rule that would allow plans without Roth to offer catch-up contributions to employees with previous year salaries below $145,000. We expect this to be addressed definitively in future guidance.*
ELECTIONS	
Can this be a one-time election instead of every year?	Yes.
Can excess deferrals for employees over the age of 50 be automatically treated as catch-up contributions and made into Roth deferrals if the participant is over the income threshold?	Unclear. This is not directly addressed in the provision. In the absence of IRS guidance, it may be possible to amend a plan and to draft the initial election forms such that participants elect to have excess deferrals treated as catch-up deferrals including switching to Roth deferrals in the event the participant's preceding year wages exceed the wage limit*. Plans must comply with the section 603 requirement allowing employee election for catch-up contribution type, and section 604 indicates the IRS may issue regulations on a participant's ability to change their election if their compensation is determined to exceed the wage limitation after the election is made.
What is the correction mechanism if a participant making $145,000 or more in the preceding year is making pre-tax contributions and has excess pre-tax deferrals treated as catch-up contributions?	Unclear. Further IRS guidance is needed on the proper correction mechanism. Potential corrections such as recategorization as Roth or in-plan conversion may be available. However, these likely would require payroll system updates, adjustments to the W-2 and remitting additional taxes from future paychecks*. Absent IRS guidance, the current EPCRS procedures might require the non-Roth catch-up contributions be viewed as "excess amounts." Those excess amounts, adjusted for earnings, would then be made as a taxable corrective distribution to the

	participant and be reported as taxable income on a Form 1099-R. If the error is caught in the same plan year, future catch-up contributions should then be contributed as Roth.

SECTION 109	
Is the 60-63 catch-up provision subject to the Roth requirements from Section 603?	Yes.
Is the 60-63 catch-up provision optional for the plan to allow if they choose to offer 50+ catch-up contributions.	Unclear. We are seeking further guidance to confirm whether offering 50+ catch-up automatically raises the contribution limits for those reaching age 60*.
If my plan offers catch-up contributions, and has Roth, do I need to do anything to allow the 60-63 catch limit other than update payroll?	Maybe. Depending upon the wording in the current plan document, an amendment may be necessary. Each plan document provider will determine the specific amendments required by the Secure 2.0 Act.
What happens to the catch-up contribution limit after the participant turns 64?	It reverts to the age 50+ catch-up limit.

SECTION 312	
Considering that self-certifying UE's is optional, if an entity decides to allow self-certifying of UE's are they allowed to enact caps restricting the amount to be self-certified? Also, are they able to restrict the frequency of self-certifying?	Yes. Plan sponsors can create any limits they choose on self-certification provisions.
Can the self-certification process be used for 457 plans? It states that 'a similar rule applies for purposes of unforeseeable emergency distributions from governmental Section 457(b) plans'. Do we know the wording of this 'similar rule' or where I can find the actual rule?	Yes. We are seeking further guidance.

SECTION 127	
Does this section override state anti-garnishment laws to allow plans to automatically enroll participants into a pension-linked savings account (PLESA)?	No. While this section of the law does preempt state anti-garnishment laws, it does not apply to government plans because of the way it was drafted. Only plans that can currently auto enroll participants into their DC retirement plan can auto enroll participants into PLESAs.
This section of SECURE 2.0 was written as an amendment to ERISA. Does that mean government plans cannot use PLESAs?	No. We believe government plans can still offer PLESAs consistent with the terms of Section 801 of ERISA, while not being subject to ERISA. We are asked for clarification on this issue in our 3/27 letter to the IRS*.