

Section 306.

(last updated 1/19/2023)

Title: Eliminate the “first day of the month” requirement for governmental Section 457(b) plans

Effective Date: Effective for taxable years beginning after the date of enactment.

Mandatory or Optional: N/A

Plans Affected: 457(b)

Previous Law: Currently, participants in a 457(b) plan generally may only defer compensation if an agreement providing for the deferral has been entered into before the first day of the month in which the compensation is paid or made available.

SECURE 2.0 Law: Conforms rule for governmental 457(b) plans to rule for 401(k) and 403(b) plans by allowing participants of governmental 457(b) plans to change their deferral rate at any time before the compensation is available to the individual. For tax-exempt 457(b) plans, participants may defer compensation for any calendar month only if an agreement providing for such deferral has been entered into before the beginning of such month.

Guidance and/or Correction Bills:

- None