As a plan sponsor it is important for you to know that on December 19, 2019, the Setting Every Community Up for Retirement Enhancement Act – or SECURE Act – was signed into effect. It includes many changes that are hoped to enhance retirement security for your employees and address your challenges as a plan sponsor. Please consult with your plan advisor to understand how these changes might specifically impact your company.

Here are a few of the biggest changes that you should know about:

- **Introduces Lifetime Income Disclosure Statements**
  When your employees see their total account balance it is sometimes hard for them to understand how much or little that amount will provide in actual retirement income. The Lifetime Income Disclosure Statement will provide an illustration to show them how far their current balance would stretch. It will be informational but could also motivate them to increase their savings rate.

- **Increases Auto-Enrollment Deferral Cap**
  Automatic enrollment allows you to automatically deduct elective deferrals from an employee’s wages unless the employee makes an election not to contribute or to contribute a different amount. Today the Safe Harbor deferral cap is 10% of their salary but under the SECURE Act it will increase to 15%.

- **Improves Liability Protection and Ability to Transfer Lifetime Income Options**
  The Act protects plan fiduciaries that act prudently when selecting insurers for guaranteed retirement income contracts and protecting them from liability, thus allowing for portable workplace retirement annuities.

- **Allows Withdrawal for Costs Related to Birth and Adoption**
  Employees will now be able to withdraw up to $5,000 from 401(k) plans without penalty to help with the costs related to a child’s birth or adoption.

- **Allows Withdrawals to Support Disaster Recovery**
  Disaster recovery is now a provision for a loan or distribution for up to $100,000. This will help your employees cover their unexpected costs if disaster strikes.

- **Increases Required Minimum Withdrawals (RMD) Age**
  Changing the required distribution age from 70½ to 72 years old. This applies to distributions required to be made after 12/31/19. If an employee turned 70½ before 12/31/19 and are otherwise subject to the RMD rules, they are considered already in “pay status” and the old rules apply.

- **Allows Tax Credits for Plan Startup Costs or Adding Auto Enrollment**
  Your company may be eligible for tax credits if your plan was established in the last 3 years. Additional credits may be available if you convert an existing plan to one that includes automatic enrollment for employees.

- **Allows Switching to a Safe Harbor 401(k) plan with Non-Elective Contributions**
  The Act allows plan sponsors to switch to a Safe Harbor 401(k) plan with Non-Elective contributions at any time before the 30th day before the close of the plan year. Also, the notice requirement for Non-Elective Safe Harbor is eliminated.

The SECURE Act has many changes that could directly impact your company’s retirement plan.

The information above is a brief high-level overview that might affect your plan. Please do a careful review to learn how it will specifically impact your plan.

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