

# SECURE/CARES Interim Amendment Default Provisions

Following is a brief explanation of the mandatory and discretionary provisions in your SECURE and CARES Act Interim Amendments. If, on review, you determine that the defaults and/or the design selections in either amendment do not align with how you have operated your plan, please reach out to your dedicated FuturePlan Consultant.

SECURE 1.0 / CARES DEFAULT PROVISIONS		
Plan Provision	Plan Types/Assets Impacted	Amendment Default
<b>Long-Term Part-Time ("LTPT") Employee Eligibility Service Requirement</b>	<input checked="" type="checkbox"/> 401(k) <input type="checkbox"/> Profit Sharing <input type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)  401(k) plans must enroll LTPT employees with the plan year beginning in 2024  403(b) plans must enroll LTPT employees with the plan year beginning in 2025	<p><u>Mandatory Update:</u></p> <p>Plans that intend to exclude part-time/seasonal employees from becoming eligible to participate in the plan by imposing an eligibility service requirement must now allow employees to become eligible to participate in the plan for elective deferral purposes upon satisfying three consecutive 12-month periods of 500 hours of service, provided they reach age 21 by the end of the third 12-month period.</p> <p>It is optional for an employer to apply the three consecutive 12-month periods of 500 hours of service eligibility requirement for purposes of becoming eligible for employer contributions. This LTPT requirement is effective for 2021 and later plan years, but no 12-month period that begins before January 1, 2021, will be taken into account when calculating the service eligibility. Therefore, a long-term part-time employee would become eligible for elective deferrals, and if elected, for employer contributions, as of the first day of the plan's 2024 plan year.</p> <p><u>Caveat:</u></p> <p>Following the passage of SECURE 2.0, the 3-year period is reduced to 2 years for plan year beginning after 12/31/2024.</p> <p>We are pending guidance from the IRS as to whether a LTPT employee included in another class exclusion such as intern is excluded or must be enrolled for deferral purposes. The default amendment excludes any LTPT employee who is included in another class exclusion, with the exception of any exclusion based on service, including an exclusion of part-time, temporary and/or seasonal employees.</p>
<b>Retroactive Application of Safe Harbor Nonelective Contribution</b>	<input checked="" type="checkbox"/> 401(k) <input type="checkbox"/> Profit Sharing <input type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)	<p><u>Optional Design:</u></p> <p>Effective for 2020 and later plan years, adopting employers may amend the plan to add an ADP safe harbor nonelective contribution on or after the first day of the affected plan year and are no longer subject to the notice requirement. Specifically, they may amend to add a 3% ADP safe harbor nonelective contribution up to 30 days before the end of a plan year. If the plan is amended between 30 days before the end of the affected plan year, but by the close of the following plan year, the plan will be required to make a 4% ADP safe harbor nonelective contribution.</p>
<b>Qualified Automatic</b>	<input checked="" type="checkbox"/> 401(k)	<u>Optional Design:</u>

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<b>Contribution Arrangement (QACA) Elective Deferral Rates</b>	<input type="checkbox"/> Profit Sharing <input type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)	<p>Effective for 2020 and later plan years, plans that have or adopt a QACA feature may permit automatic deferral increases up to a maximum of 15% (but not more 10% during the initial period). The limit prior to SECURE 1.0 was 10%.</p> <p><u>SECURE Default:</u></p> <p>Unless otherwise notified, the default amendment has been completed by FuturePlan to reflect that, if applicable, the QACA automatic escalation limit in your plan will not increase above the current level.</p>
<b>Qualified Birth or Adoption Distributions (QBADs)</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input checked="" type="checkbox"/> 457(b) (governmental)	<p><u>Optional Design:</u></p> <p>For distributions in 2020 and later years, a plan may permit a participant who has welcomed a child (or individual who is incapable of self-support), whether by birth or adoption, to take a distribution that is exempt from the 10 percent early distribution penalty tax (if applicable). Distributions of up to \$5,000 in aggregate are permitted if this feature is elected.</p> <p>A participant who received a QBAD from the plan may repay all or part of the distribution by making one or more contributions to the plan in an aggregate amount not to exceed the amount of the original distribution as long as the individual is eligible to make a rollover into the plan. A plan may also accept repayments of all or part of a QBAD that was taken from another eligible retirement plan.</p> <p>Following the passage of SECURE 2.0, the repayment period for QBADs is limited to the 3-year period beginning on the day after the date on which such distribution was received.</p> <p><u>SECURE Default:</u></p> <p>Unless otherwise notified, the default amendment has been completed by FuturePlan to reflect that QBADs are not currently permitted under your plan.</p>
<b>Age 59 1/2 Distributions</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input checked="" type="checkbox"/> Defined Benefit <input type="checkbox"/> 403(b) <input checked="" type="checkbox"/> 457(b) (governmental)	<p><u>Optional Design:</u></p> <p>Effective for 2020 and later plan years, a plan may allow for in-service distributions at age 59 1/2 of that portion of a participants' individual account attributable to money purchase pension contributions or transfers of money purchase pension contributions (instead of age 62 under prior law).</p> <p><u>SECURE Default:</u></p> <p>Unless otherwise notified, the default amendment has been completed by FuturePlan to reflect that the in-service distribution age, if applicable, under your plan has not changed.</p>

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<b>Increase in Age for Required Minimum Distributions</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input checked="" type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input checked="" type="checkbox"/> 457(b)	<p><u>Mandatory Update:</u></p> <p>Effective January 1, 2020, required minimum distributions (RMDs) from retirement plans must generally begin by April 1 of the year following the year an individual attains age 72.</p> <p>Following the passage of SECURE 2.0, effective January 1, 2023, the RMD age is increased to 73. Effective January 1, 2033, the RMD age is increased to 75.</p>
<b>Portability of Lifetime Income Investment Options</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input checked="" type="checkbox"/> 457(b) (governmental)	<p><u>Mandatory Update:</u></p> <p>Effective for 2020 and later plan years, an employer who chooses to allow a lifetime income investment option in a plan and subsequently wishes to remove the investment or wishes to change recordkeepers to one who does not allow the lifetime income investment may administratively elect to include a new distribution triggering event permitting participants to directly roll over the lifetime income investment to another employer-sponsored retirement plan or IRA or take a distribution of the lifetime income investment in the form of an annuity contract.</p>
<b>Combined Annual Report for Group of Plans</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)	<p><u>General Operational Change (informational only – not included in amendments):</u></p> <p>Effective with plan years beginning in 2022, employers that maintain similar defined contribution plans may file a single consolidated Form 5500. Requires same trustee, administrator, fiduciaries, plan year, and investment options.</p>

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Modification of Required Distributions for Designated Beneficiaries	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input checked="" type="checkbox"/> 457(b) (governmental)	<p><b>Mandatory Update:</b></p> <p>Effective for plan participant deaths in 2020 or later, there are new rules that require a more rapid payout to non-spouse (and other) beneficiaries.</p> <p>“Designated Beneficiaries” (individuals) who are more than 10 years younger than the deceased participant/IRA owner are generally required to distribute their assets within 10 years (previously within 5 years).</p> <p>“Eligible Designated Beneficiaries” are generally exempt from the 10-year payout rule and may continue to stretch payments over life expectancy. Eligible Designated Beneficiaries are those who, at the time of the account owner’s death, are:</p> <ul style="list-style-type: none"> <li>- the surviving spouse of the Account Owner</li> <li>- Disabled (within the meaning of code section 1.401(a)(9)-4(e)(4)</li> <li>- Chronically ill (within the meaning of code section 1.401(a)(9)-4(e)(5))</li> <li>- Non-spouse beneficiaries whose age is not more than 10 years younger than the decedent, and</li> <li>- Children of the account owner who has not reached the age of majority (age 21) (they begin a 10-year payout upon reaching the age of majority)</li> </ul> <p>Other exceptions to the 10-year rule apply to:</p> <ul style="list-style-type: none"> <li>- Special trusts for disabled or chronically ill individuals, and</li> <li>- Certain existing annuities.</li> </ul> <p>Nonperson beneficiaries continue to be subject to the five-year rule.</p>
2020 Required Minimum Distribution (RMD) Payment Election	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input checked="" type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)	<p><b>Optional Design:</b></p> <p>Under the CARES Act, plan participants and beneficiaries were not required to take their 2020 RMDs. This waiver also applied to individuals who turned 70 ½ in 2019 but who did not take their first RMD before January 1, 2020. A distribution that was taken in 2020 but was not treated as an RMD because of the waiver, may have been rolled over to another eligible retirement plan or to an IRA by July 15, 2020, assuming the individual was otherwise eligible to rollover the distribution.</p> <p><b>CARES Default:</b></p> <p>Unless otherwise previously notified, the amendment has been completed based on our understanding that no RMDs were processed in 2020 unless requested by the participant or beneficiary.</p>

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<b>Coronavirus-Related Distributions (CRDs)</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input checked="" type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)	<p><u>Optional Design:</u></p> <p>Individuals were permitted to withdraw up to \$100,000 in aggregate in the form of a CRD without paying the 10 percent early distribution penalty tax. A CRD is defined as a distribution made on or after January 1, 2020, and before December 31, 2020, to a participant or beneficiary who was a qualified individual. Individuals may repay CRDs, not to exceed the amount of the original distribution, to an eligible retirement plan over three years beginning with the day following the day a CRD is taken.</p> <p><u>CARES Default:</u></p> <p>Unless otherwise previously notified, the amendment has been completed based on our understanding that no CRDs were processed in 2020 for your plan.</p>
<b>Coronavirus-Related Loans (CRLs)</b>	<input checked="" type="checkbox"/> 401(k) <input checked="" type="checkbox"/> Profit Sharing <input checked="" type="checkbox"/> Money Purchase <input checked="" type="checkbox"/> Defined Benefit <input checked="" type="checkbox"/> 403(b) <input type="checkbox"/> 457(b)	<p><u>Optional Design:</u></p> <p>The plan loan maximum for a qualified individual was increased to the lesser of \$100,000 or 100 percent of the participant's vested balance. This increased amount applied to loans made during the 180-day period that began on March 7, 2020.</p> <p>Retirement plan loan repayment dates that occurred between March 27, 2020, and December 31, 2020, could be delayed for one year, with the amortization period, including the five-year repayment deadline, adjusted accordingly.</p> <p><u>CARES Default:</u></p> <p>Unless otherwise previously notified, the amendment has been completed based on our understanding that no CRLs were processed in 2020 for your plan and no loan payments were suspended.</p>

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