

PENTEGRA SECURE ACT SMART TIPS™



Expanding Retirement Plan Coverage and Participation

The Setting Every Community Up for Retirement Enhancement (SECURE) Act includes many provisions designed to improve retirement security by making saving for retirement easier and more accessible.

Allows Long-Term, Part-Time Workers to Participate In 401(k) Plans

How does SECURE expand coverage for long-term, part-time workers?

Under current law, employers generally may exclude part-time employees (employees who work less than 1,000 hours per year). Except in the case of collectively bargained plans, the law requires employers who offer a 401(k) plan to allow any employee who works more than 1,000 hours in one year or 500 hours over 3 consecutive years to participate in the plan.



Can employers exclude these employees from compliance testing?

Yes, employers may elect to exclude these employees from testing under the nondiscrimination and coverage rules.

Extends the Deadline for Establishing a New Plan

How does SECURE make it easier to establish new retirement plans?

SECURE extends the deadline for establishing a new retirement plan by allowing businesses to treat qualified retirement plans adopted before the due date of their tax return as having been adopted as of the last day of the taxable year.



Increases the Cap on Automatic Escalation of Contributions from 10% to 15%

How does SECURE change the cap on automatic contributions?

SECURE increases the cap on automatic escalation of contributions from 10% to 15% to encourage greater retirement savings. The cap remains at 10% for the first year in which the employee is automatically enrolled and increases to 15% after the first year unless the employee chooses to make a change.



Tip: These changes are designed to expand retirement savings opportunities.



Contact the Pentegra Solutions Center at solutions@pentegra.com
or 855-549-6689 for expert guidance on how to make the most of the new rules.

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