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Secure Act 2.0

The **Secure Act 2.0** was signed into law on December 29th, 2022.

Of the 92 provisions contained in the enactment, many of them are focused on helping small businesses increase employee participation and savings rates.

Some of the new rules go into effect immediately, while others will take effect in 2024 and beyond.

Top 3 take-aways all business owners should know

1) Tax Credit for New Plans

- Increased from 50% to 100% of start-up costs, with a maximum of \$5000 per year for employers with 50 employees or less.
- Plans that offer an employer contribution may be eligible for additional \$1000 credit.

Starting for tax years beginning after December 31, 2022

2) Auto Enrollment

- Will become a mandatory feature for employers that start new plans with 11 or more employees.
- Employee deferrals will automatically go up each year, with auto escalation of up to 10-15%.
- Existing plans are grandfathered in.

Starting for tax years beginning after December 31, 2024

3) Expanded Coverage for Part-Timer Workers

- Employees who work 500 hours or more per year for two consecutive years must be considered eligible to participate in the plan.

Starting for tax years beginning after December 31, 2024

Have questions?

Feel free to give us a call or send us an email