

Question of the Week

2024 Question of the Week Summary

SECURE 2.0 and Regulatory and Questions

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PSCA continued to track plan sponsor adoption of SECURE 2.0 optional provisions throughout 2024, as well as plan sponsor reactions to other regulatory changes. Below is a compilation of these questions. If you have a question you would like us to ask in 2025, send it to research@psca.org.

January 15, 2024: 'Guiding' Student Loan Matches

One of the optional provisions in the SECURE 2.0 Act that some employers were very excited about is the provision to allow a 401(k) match based on a participant's student loan payment rather than deferrals. Yet, not many plan sponsors have been slow to add this capability. [Read more>](#)

January 22, 2024: Projected Retirement

One of the SECURE Act of 2019 provisions requires plan sponsors to provide a lifetime income projection to participants at least once a year. A full year past the implementation deadline and now that plan sponsors have provided this documentation to participants, we asked if they felt that this provision accomplished what it was intended to achieve ... or not. [Read more>](#)

January 29, 2024: Emergency Savings Provisions

The SECURE 2.0 Act included two provisions geared towards helping employees handle financial emergencies. One provision is a penalty-free distribution of \$1,000 per year from the 401(k) account and the other is the PLESA (Pension Linked Emergency Savings Account). [Read more>](#)

February 5, 2024: Are we Rothing the Employer Contribution Yet?

Fifteen percent of plan sponsors have added the optional provision of SECURE 2.0 to allow participants to elect Roth treatment of employer contributions, and a quarter of plans are actively considering this provision. Nearly forty percent have not and will not be implementing this provision. [Read more>](#)

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February 26, 2024: Forecasting Forfeiture Changes

There have been multiple lawsuits alleging breach of fiduciary responsibility by plan sponsors due to the way in which forfeitures are allocated. We asked plan sponsors if this new avenue of legal action was prompting them to reevaluate their forfeiture policies. [Read more>](#)

March 4, 2024: Aging Up RMDs

SECURE 2.0 allows plan sponsors to increase the required minimum distribution age (RMD) to age 73 (with an increase to age 75 in ten years). Plan sponsors have the choice to increase the plan's RMD age to the new limit or keep it at the previous statutory limit. [Read more>](#)

March 11, 2024: SECURE Distributions

There are several optional provisions in SECURE 2.0 (and one in SECURE 1.0) which allow participants to take a plan distribution without a penalty under specific circumstances – in the event of a natural disaster, in the event of the birth or adoption of a dependent, for victims of domestic violence, or if the participant is diagnosed with a terminal illness. Plan sponsors can add any or all of these options, or none at all – most plan sponsors are still deciding what they will implement. [Read more>](#)

March 18, 2024: Fee Disclosure Discourse

Did the DOL mandated fee disclosures 15 years ago help participants understand plan-paid fees at all? Did these disclosures help plan sponsors benchmarking their plan-paid fees? [Read more>](#)

May 20, 2024: Cybersecurity and Plan Audits

The DOL indicated that they would be focusing on cybersecurity during plan audits. We asked plan sponsors if they have experienced this and if they have written cybersecurity policies in place. [Read more>](#)

August 12, 2024: How Are Plan Sponsors Handling Overpayments Post SECURE 2.0?

The SECURE 2.0 Act included a provision addressing retirement plan overpayments. It allows plan sponsors more flexibility in deciding not to try and recoup overpayments in certain situations. [Read more>](#)

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October 28, 2024: Increasing Cashout Limits

SECURE 2.0 allows plan sponsors to increase the plan's cashout limit from \$5,000 to \$7,000, and most did. [Read more>](#)

November 28, 2024: Are Plan Sponsors Supersizing Their Catch-Up Provisions?

Starting Jan 1st, employees aged 60-63 can save more for retirement due to a provision in SECURE 2.0 allowing for an additional catch-up contribution in those four years before retirement. There is some confusion about whether this provision is mandatory or not. [Read more>](#)

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