

## AIG Retirement Services is now Corebridge Financial

Dear Valued Partner,

### SECURE Act 2.0 signed into law

On December 29, 2022, President Biden signed into law an omnibus spending package that included the SECURE 2.0 Act of 2022 (SECURE 2.0).

### Background on SECURE Act

The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 was passed by Congress and signed into law on December 20, 2019. This landmark piece of legislation had significant provisions for improving workers' retirement outcomes—and was an important step toward building a stronger retirement system. With passage of SECURE 2.0, we are moving closer to improving workers' retirement outcomes.

Please refer to the [What's Next for Retirement Legislation?](#) article for additional background information on SECURE Act 1.0

### A brief overview of SECURE 2.0

Among the 90 provisions in the law, below are some notable highlights:

- Raises the required minimum distributions (RMD) age from 72 to 73 beginning January 1, 2023, and from 73 to 75 beginning January 1, 2033. This means that anyone turning age 72 in 2023 will not need to take an RMD until they turn age 73.
- Permits participants of governmental 457(b) plans to change their deferral rate at any time before compensation is made, eliminating the first day of the month requirement (effective tax January 1, 2023).
- Plans can allow participants to elect matching and non-elective contributions to be treated as Roth contributions under 401(k), 403(b), and governmental 457(b) plans (effective December 29, 2022).
- Requires that, starting in 2024, catch up contributions to 401(a), 403(b), and governmental 457(b) plans must be made on a Roth basis for employees whose wages exceed \$145,000 (indexed).
- Offers employers the ability to automatically enroll their employees into emergency savings accounts in their defined contribution plans beginning in 2024.
- Increases catch-up payments for older workers. Under current law, participants age 50+ can make an additional contribution (\$7,500 in 2023) to their 401(k), 403(b), and governmental 457(b) plans. The catch-up amount increases to at least \$11,250 a year for plan participants aged 60 to 63 starting in 2025.
- Reduces mandatory years of service from three to two years for long-term, part-time employees to be eligible for enrollment in their employer's 401(k) and extends the long-term, part-time coverage rules to ERISA 403(b) plans beginning in 2025.
- Requires certain newly created 401(k) and 403(b) plans to automatically enroll workers at between 3% and 10% of pay beginning in 2025. Additionally, these plans must also enable automatic escalation beginning at 1% annually up to a cap of between 10-15%.

### What does this mean for you?

SECURE 2.0 offers more flexibility and options for individuals to take control of their financial lives through three broad goals.

- Expand coverage and increase retirement savings
- Preserve income
- Simplify and clarify retirement plan rules

## Adoption and implementation of provisions

Corebridge is working diligently to enable the implementation of optional and mandatory provisions that take effect beginning as early as January 2023. The most immediate mandatory provision impacts the age for RMDs.

- **RMD age increase** – The age at which RMDs must commence is increasing from 72 to 73 beginning January 1, 2023, and from 73 to 75 beginning January 1, 2033—allowing retirement savings to continue growing tax-advantaged longer.

Some provisions are optional and require plan sponsors to adopt as part of their plan. We will keep you updated on our progress as they become available.

If you have any questions, please reach out to your Corebridge partner or the Plan Sponsor Service Team at [plansponsormb@corebridgefinancial.com](mailto:plansponsormb@corebridgefinancial.com).

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