Morgan Stanley

INSTITUTIONAL CONSULTING SOLUTIONS

FIDUCIARY CONSULTING GROUP

Fiduciary Fundamentals

State of Nevada Public Employees' Deferred Compensation Program

January 15, 2026

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Introduction

The Participant Outlook

Financial Stressors Abound

60%

Not saving enough for retirement.

85%

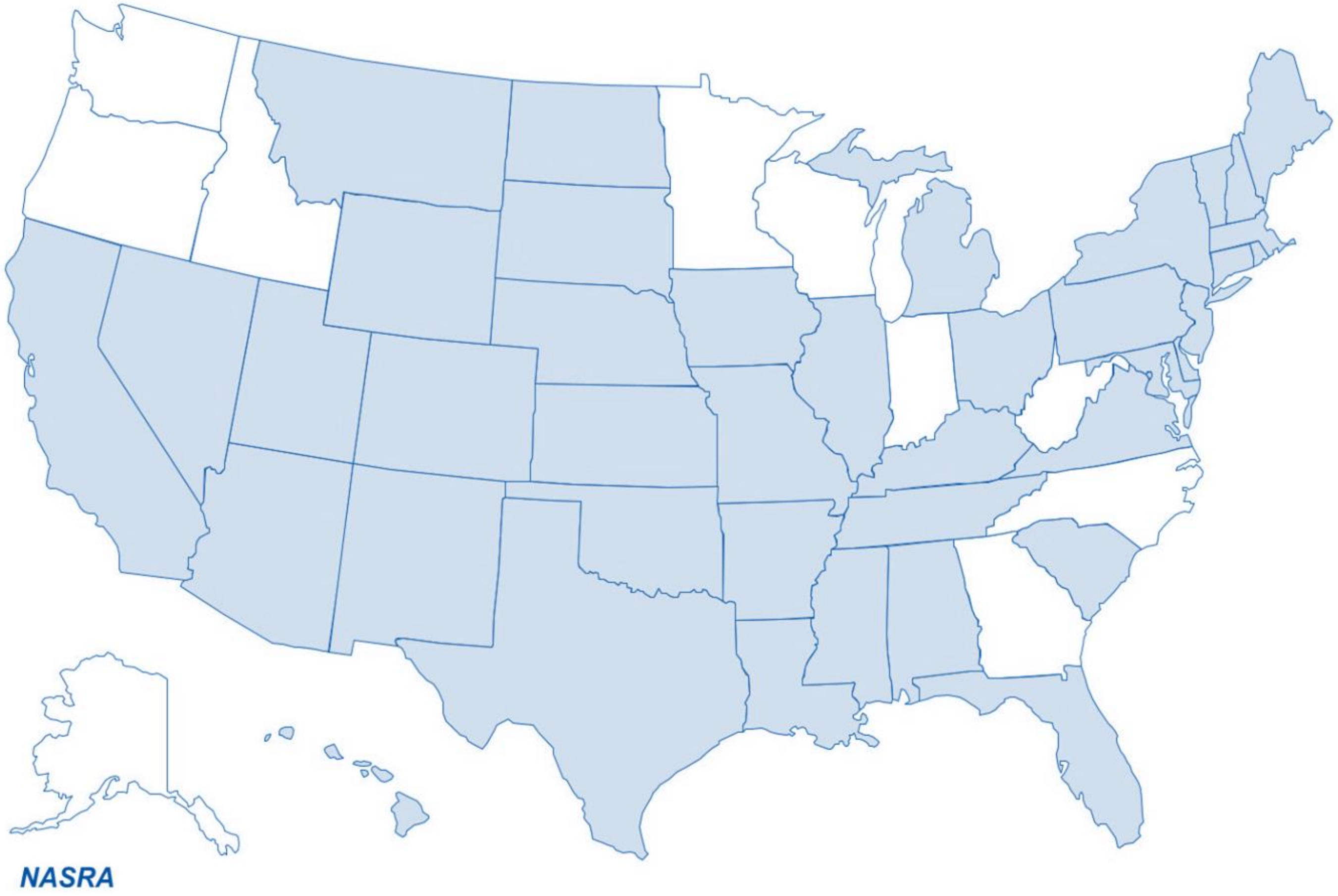
Rising cost of goods and services.

82%

Increasing inflation and interest rates.

The Pension Outlook

States that Reduced Pension Benefits Since 2009



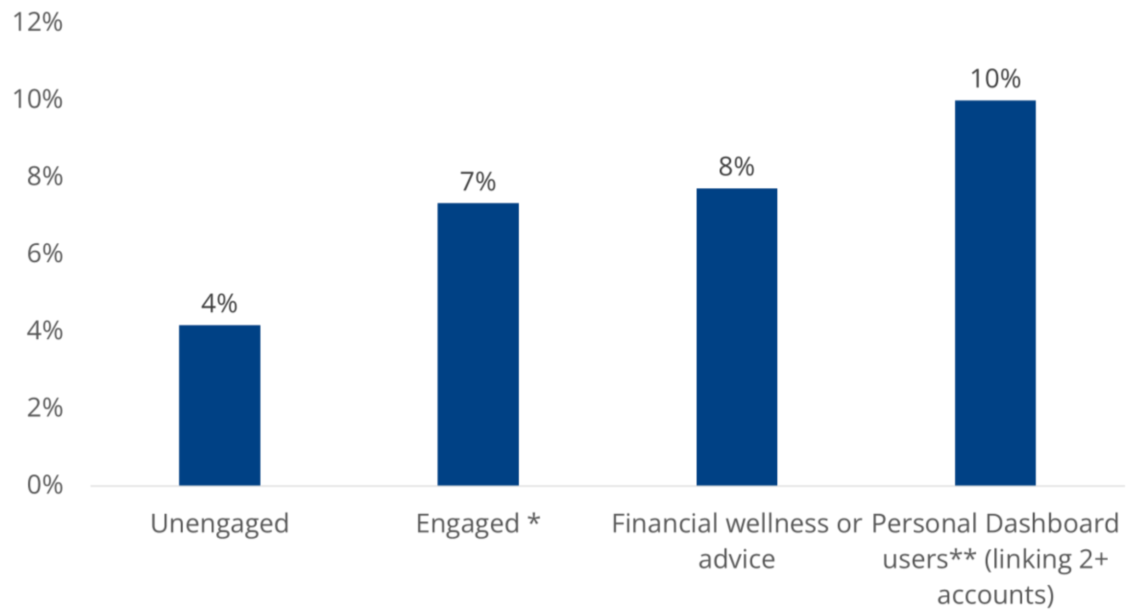
DECLINING BENEFITS

- 7.5% is the average pension reduction.
- New employees are disproportionately impacted by benefit decreases.

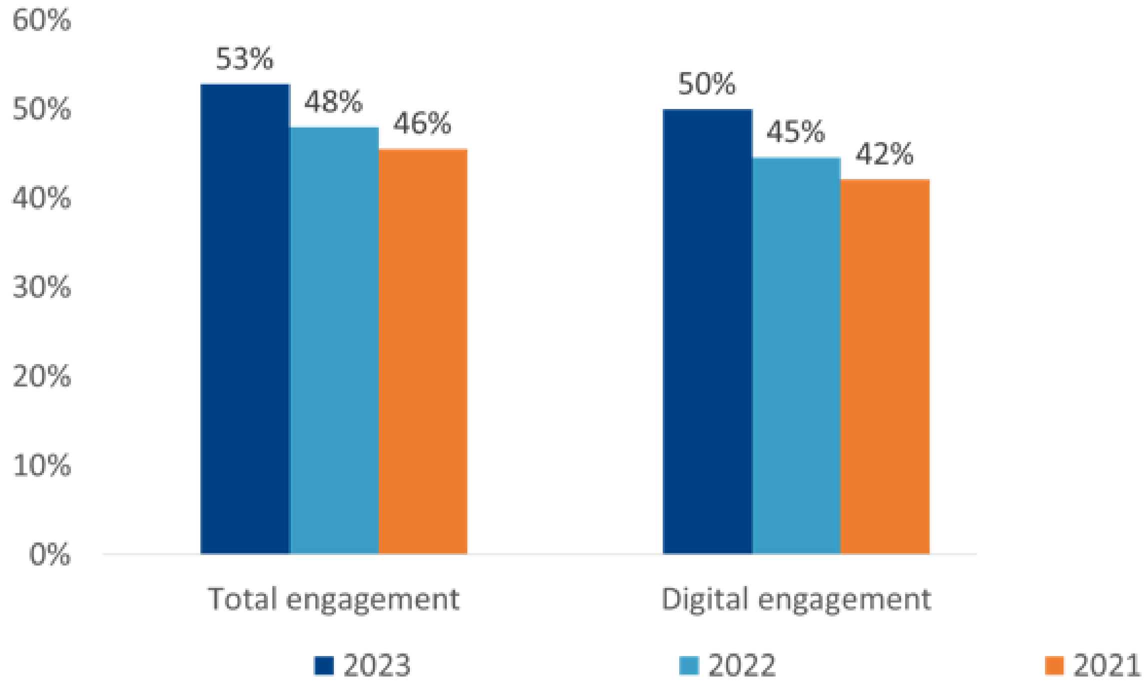
For Discussion Purposes Only. Source: National Association of State Retirement Administrators (NASRA), Effects of Pension Plan Changes on Retirement Security. https://www.nasra.org/pensionreform

The Growing Focus on DC Plans

Average savings rates by type of interaction.



Engagement is up.



For Discussion Purposes only. Source: Empower, Financial Happiness 2023. Empower defines and measures engagement as at least one interaction with their workplace savings site, mobile apps, Customer Care Center, or advisory services. Personal dashboard users also includes participants using financial wellness or advice. Morgan Stanley is not affiliated with Empower.

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History

Public Sector Retirement Plan Fiduciary Oversight Milestones

1974

Employee Retirement Income Security Act (ERISA) *.

1978

Revenue Act created 457, 401(k) plans.

1986

Tax Reform Act of 1986 closed 401(k) plans to State and Local Governmental entities.

1992

Unemployment Compensation Amendments introduced mandatory 20% withholding.

1996

Small Business Job Protection Act placed 457 plan assets into “trust” status.

2002

EGTTRA legislation eliminated most differences between 457 plans and private sector 401(k) plans.

Public Sector Retirement Plan Fiduciary Oversight Milestones, cont.

2006

Pension Protection Act; introduces QDIAs, auto features for plans where applicable.

2008-present

Litigation over failure to oversee retirement plans increases, with most actions involving investments and fees.

2019

SECURE Act modifies certain fiduciary related items.

2020

CARES Act introduced to provide relief to participants affected by COVID-19 pandemic.

2021

“DOL Year” ESG Cybersecurity Missing Participants E-Communications.

2022

SECURE Act 2.0.

2025

Social Security Fairness Act.

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Fiduciary Ecosystem – Who's Who?

The Major Players of Your DC Plan

***PLAN SPONSOR (AGENCY)**

- Sponsoring organization
- Maintains authority
- Determines plan features/offering
- Establishes decision making apparatus (Retirement Committee)
- Staff operations – likely a non-fiduciary/ settlor function

RECORDKEEPER (PLAN PROVIDER)

- Facilitates plan access for participants
- Abides by plan documents
- May establish plan documents
- May provide participant education

INVESTMENT MANAGERS (MUTUAL FUNDS)

- Provide investment solutions
- Discretionary investment management
- Covers a variety of investment categories
- Selected by Plan Sponsor or Consultant

***RETIREMENT PLAN CONSULTANT**

- Provides investment advice and education
- Helps facilitate proper governance/oversight
- Provides performance reporting
- May provide participant education

***LEGAL COUNSEL**

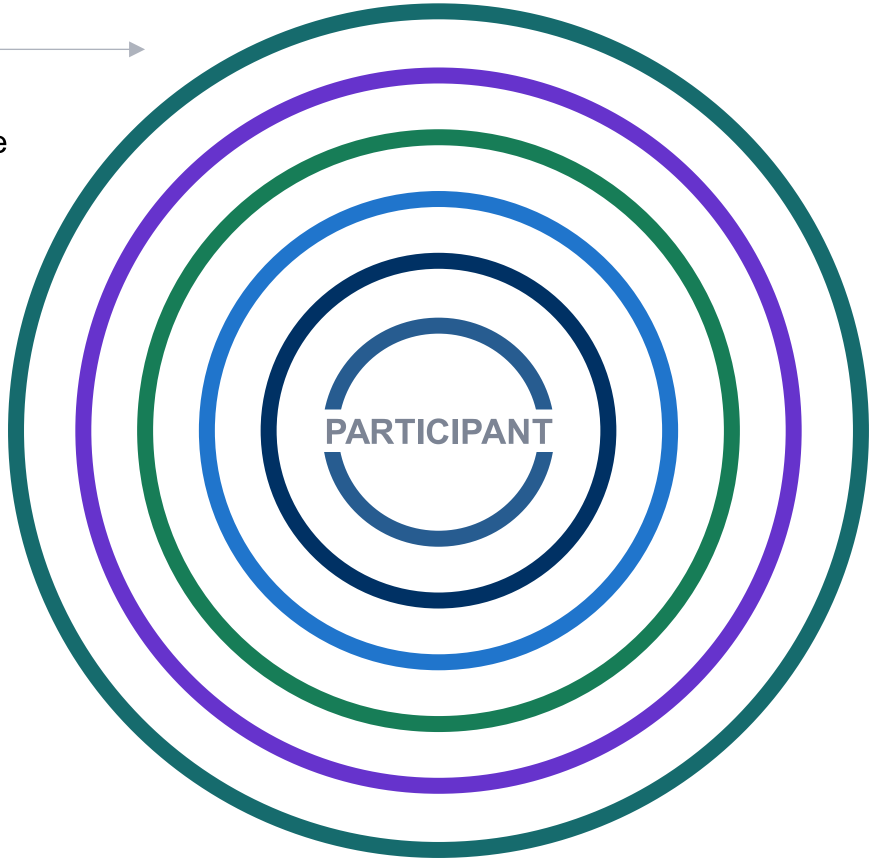
- Provides legal advice and direction
- May provide plan documents
- May ensure Committee conduct is proper

* Denotes a “fiduciary” role and a best interest responsibility to participants and their beneficiaries.
For Discussion Purposes Only

Multiple Layers of Protection & Fiduciary Oversight

PROTECTING ASSETS

Recordkeeper, Plan Sponsor (DC Plans Committee Admin Staff), Plan Consultant, Outside Legal Counsel, Asset Management Companies/ Funds/ Trust/Board of Directors, Trust Company and Custodian.



REMOVING ASSETS

Advisors, Brokers, Annuity Sales, Recordkeeper's IRA

STEALING ASSETS

Hackers, Fraudsters.

Governance Structures

Plan Administrator

- Individual is vested with full authority over plan.
- Individual reviews plan materials and conducts business on behalf of the plan.
- Individual carries full fiduciary responsibility of plan decisions.

Evaluation Committee

- Evaluation Committee does not have authority but may provide insight to Board or Plan Administrator.
- May consist of 3-9 members who review material and provide feedback to plan authority.
- Committee members are not fiduciaries in name or function.

Plan Committee

- Committee is vested with full authority over plan.
- Committee charter determines rules and processes.
- May contain 3-9 members, each with fiduciary responsibilities.
- Establish regular meetings to review plan.
- Potentially include a retired stakeholder.

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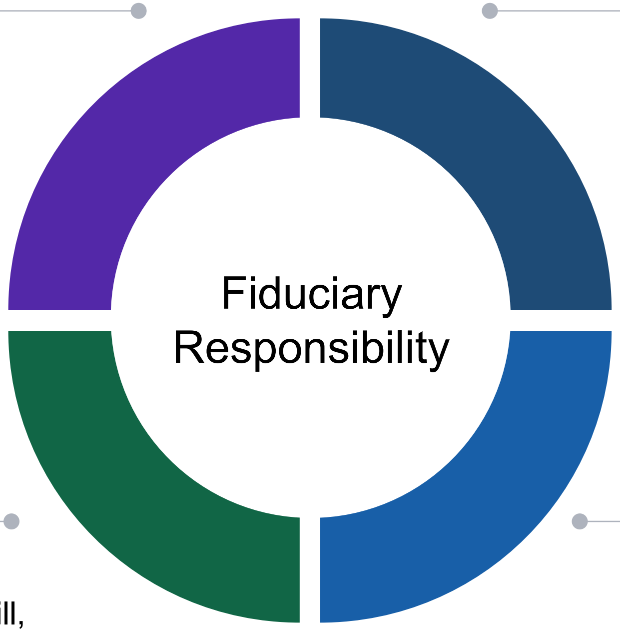
Fiduciary Duties

Fiduciary Duties Per ERISA

DUTY OF LOYALTY

- Avoid self-dealing
- Avoid conflicts of interest
- Operate the plan for the exclusive purpose of providing benefits and offsetting reasonable expenses
- Reasonable plan expenses may be charged



DUTY TO DIVERSIFY

- A fiduciary must diversify investments in order to minimize risk of loss unless it would be considered prudent not to diversify investments
- For Defined Contribution Plans with Self-Direction of Investments by Participants:
    - ERISA § 404(c) is an accepted guide to minimums, but only requires three options

DUTY OF PRUDENCE

- A fiduciary must execute his/her duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with such matters would use:
    - Allows for the hiring of "experts" to assist
    - Experts must be prudently selected and monitored

DUTY TO FOLLOW PLAN DOCUMENT

- Must oversee and make sure the plan operates in compliance with the plan document, trust agreements, and/or other documents
- Fiduciaries should be familiar with:
    - Plan documents
    - Federal and state law in relations to the documents

Fiduciary Duties

Duty of Loyalty

- Avoid self-dealing.
- Avoid conflicts of interest/must not place own interests over those of the participant.
- Operate the plan for the exclusive purpose of providing benefits and offsetting reasonable expenses.
- Reasonable plan expenses may be charged.
- Must not cause the plan to engage in transactions between the plan and a party in interest:
    - Parties in interest: Fiduciaries, trustees, plan counsel, employees or related persons
- DOL has issued limited guidance on what might constitute an appropriate plan expense.

Fiduciary Duties

Duty of Prudence

A fiduciary must execute their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with such matters would use:

- Allows for the hiring of “experts” to assist.
- Experts must be prudently selected and monitored.
- Referred to as the “prudent expert” rule because of the familiarity assumption.
- Follow a prudent process (procedural prudence concept).

Fiduciary Duties

Duty to Diversify

The "Diversification Rule": A fiduciary must diversify investments in order to minimize risk of loss unless it would be considered prudent not to diversify investments

For Defined Contribution Plans with Self-Direction of Investments by Participants:

- ERISA § 404(c) is an accepted guide to minimums, but only requires three options.
- The duty is to provide sufficient investment options such that participants are able to construct a diversified portfolio from plan options.
- Fiduciaries must balance the needs of diversification with the potential negative impacts of offering too many choices.

Fiduciary Duties

Duty to Follow Plan Document

Must oversee and make sure the plan operates in compliance with the plan document, trust agreements, and/or other documents.

Fiduciaries should be familiar with:

- Plan documents
- Federal and state law in relations to the documents
- Investment Policy Statement
- Fee disclosures
- Other governance policies

Meeting Fiduciary Responsibilities

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Staying Competitive

Focus on Fees Separately

	Recordkeeper Fee
+	Advisor/Consultant Fee
+	Investment Fees
=	Total Participant Fees

For Discussion Purposes Only. Other fees may apply that are not listed here, such as distribution or loan fees, or plan sponsor staff. The views expressed are those of Hyas Group and are not intended to be exhaustive.

Evaluate Capital Preservation Options

TYPE	SUBJECT TO CREDITORS	UNIT VALUE GUARANTEE	PLAN LIQUIDITY	PARTICIPANT LIQUIDITY	PORTFOLIO TRANSPARENCY	EXPLICIT MANAGEMENT FEE
Money Market	No	Implied US Government	One Day/Market Value	Daily	Yes	Yes
Stable Value CIT	No	Typically, Multiple Insurers	12-Month/Book Value	Daily	Yes	Yes
Stable Value Separate Account	No	Single or Multiple Insurers	Market Value or Book Value typically over duration (~3-5 years)	Daily	Yes	Yes
Insurance Separate Account	No	Single Insurer	Market Value or 5-Year at Book Value/20% per year	Daily	Typically, No	Typically, No
Insurance Fixed Account	Yes	Single Insurer	5-Year at Book Value/20% per year	Daily	Typically, No	No

Ranked in the order of Plan Sponsor liquidity.

For informational purposes only.

Understand The Needs of Your Participants

Conduct plan surveys and study plan statistics.

Establish consistent participant support and education.

Conduct a “Gap Analysis” to determine retirement shortfalls.

Evaluate plan provisions to ensure they meet participant needs.

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Quiz

Case Study #1

The Committee has received a request from a plan participant to add a particular real asset fund to the 457 plan that has recently been performing very well.
You actually know of the specific fund because you have invested in it through your IRA and it has performed very well for you. You have recently been considering adding more money to the fund.

As a Committee Member, do you vote to add the fund?

a) Yes – Because you know the fund and it has done very well for you.

b) No – You abstain from voting because you don't feel you can be objective about the decision, given your personal experience with the fund.

c) Maybe – Discuss whether real asset funds are appropriate for your plan's participants based on their investment knowledge.

Case Study #2

As a fiduciary Committee member, you are approached by the plan's recordkeeper. He offers you two different share classes of the same mutual fund. One has an expense ratio of .70% annually, but rebates back .25% to the plan to help offset recordkeeping expenses. The other has an expense ratio of .55%, but rebates nothing to help offset expenses.

Which one do you choose?

a) The less expensive one because it is cheaper for participants.

b) The more expensive one because revenue sharing pays all the plan's administrative expenses.

c) Neither until you have assessed fee reasonableness and method for allocating plan expenses.

Case Study #3

Your Committee has identified an investment manager that is not performing in line with expectations contained in the Investment Policy Statement.

What should you do?

a) Replace the manager immediately.

b) Identify the reasons for failure to meet expectations.

c) Consult the Investment Policy Statement for a watch list procedure and follow it.

d) Both b) & c).

e) None of the above.

Case Study #4

As a fiduciary Committee member, you have noticed that one of the other Committee members rarely attends any of the meetings. This member also does not appear to make any effort to become informed about what they may have missed when not in attendance.

What should you do?

a) Nothing since you have a quorum without this member.

b) Contact the SEC.

c) Discuss the issue with the Committee since members may be responsible for the conduct of others on the Committee.

d) Quit the Committee immediately.

Case Study #5

In spite of efforts to provide clear, concise communications to participants about the plan fees and structure, a participant continues to complain about the costs associated with the investments in the plan and claims everything is too expensive.

As a Committee member, what would you do?

a) Tell the participant to call the consultant.

b) Tell the participant to call his/her broker.

c) Discuss the situation with the full Committee and determine a course of action.

d) None of the above.

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Appendix

SECURE 2.0 Act of 2022 (“SECURE 2.0”)

- Passed as part of Consolidated Appropriations Act of 2023.
- Passed December 27, 2022.
- Signed into law December 29, 2022.

SECURE 2.0 Act Provisions

MANDATORY PROVISIONS	NOTES	EFFECTIVE
107 – Increase in Age for RMDs	In 2023 age goes from 72 to 73 and then to 75 in 2033.	Immediately but in phases
302 – Decrease in Excise Tax	Reduces the penalty for failure to take RMDs from 50% to 25% of the shortfall (drops to 10% if corrected in two years).	Immediately
303 – Retirement Savings Lost & Found	Requires the establishment of an online searchable database that would enable retirement savers who may have lost track of their accounts to search for the contact information of their plan administrator.	01/01/2025
306 – Eliminates the First Day of the Month Rule	Eliminates the unique rule for 457 plan enrollment and contribution changes.	Immediately
309 – Exclusion of Certain Disability-related First Responder Retirement Payments	First responders are permitted to exclude service-connected disability payments from their gross taxable income after reaching retirement age.	01/01/2027
325 – Eliminates Roth RMDs	Removes the required distribution rules for Roth contributions within retirement plans (but the after-death RMDs still apply).	01/01/2024
338 – Annual Paper Benefit Statement	Annual paper benefit statement unless participant has specifically requested electronic delivery.	01/01/2026
603 – After-tax Catch-up Contributions	Requires that all catch-up contributions be made as Roth contributions (participants whose prior year's wages were less than $150,000 are exempt).	01/01/2026

SECURE 2.0 Act of 2022, United States Senate Committee on Finance, https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

SECURE 2.0 Act Provisions, cont.

OPTIONAL PROVISIONS	NOTES	EFFECTIVE
109 – Higher Catch-up Limits	Increases to $10,000 or 150% of the catch-up amount in 2024 for participants age 60 to 63.	01/01/2025
110 – Matching of Student Loan Payments	Allows qualified student loan payments to be treated as retirement plan deferrals for matching purposes.	01/01/2024
115 – Penalty-free Emergency Expenses	Plans can offer distributions with no early withdrawal penalty for “unforeseeable or immediate financial needs relating to necessary or personal family emergency expenses." Distributions cannot exceed $1,000, a participant may take only one such distribution per calendar year, plan administrators can rely on participant’s self-certification of eligibility, and participants can repay a distribution within three years.	01/01/2024
127 – Emergency Savings Linked to DC Plans	Allows employers to offer their non-highly compensated employees and pension-linked emergency savings account as part of their deferred compensation program. Employers may automatically enroll employees at 3% or less (capped at $2,500) on an after-tax basis.	01/01/2024
304 – Increase in De Minimis Amount	Raises the small account cash-out limit from $5,000 to $7,000.	01/01/2024

SECURE 2.0 Act of 2022, United States Senate Committee on Finance, https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

SECURE 2.0 Act Provisions, cont.

OPTIONAL PROVISIONS	NOTES	EFFECTIVE
312 – Self-certifying Hardships	Plans sponsors can rely on participants to state that they incurred an unforeseeable emergency, that the amount of the request is not in excess of the amount required to satisfy the financial need, and that the participant has no alternative means reasonably available to satisfy such financial needs.	Immediately
314 – Penalty-free Withdrawals in the Event of Domestic Abuse	Plans that aren't subject to IRC's qualified joint and survivor and preretirement-survivor annuity requirements can offer distributions with no early withdrawal penalty to victims of domestic abuse. Distributions cannot exceed the lesser of $10,000 (indexed after 2024) or 50% of the participant's vested benefit, distributions must be made within one year of the date on which the participant is a victim of domestic abuse by a spouse or domestic partner, plan administrators can rely on participant's self-certification of eligibility, and participants can repay a distribution within three years.	01/01/2024
326 – Penalty-free Withdrawals for Terminal Illness	Plans can offer distributions with no early withdrawal penalty to participants certified by a physician as having a condition reasonably expected to result in death within 84 months after the date of certification. Statute does not limit amount or number of distributions that can be made available, and distributions can be repaid within three years.	Immediately
328 – Distributions to Retired Public Safety Officers for Health & Long-Term Care Premiums	These distributions no longer have to be paid directly to the insurer.	Immediately

SECURE 2.0 Act of 2022, United States Senate Committee on Finance, https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

SECURE 2.0 Act Provisions, cont.

OPTIONAL PROVISIONS	NOTES	EFFECTIVE
329 – Change to Early Withdrawal Penalty	Extends the exception of the 10% early withdrawal penalty to public safety who have separated from service and have 25 years of service.	Immediately
330 – Change to Early Withdrawal Penalty	Similar to the above, this expands the public safety definition to include certain corrections officers.	Immediately
331 – Disaster Relief	Distributions up to $22,000 per federally-declared disaster with no early penalty and option to repay over three years. Temporary max loan cap at $100,000.	Immediately
604 – After-tax Match	Participants may be able to designate some or all employer matching contributions as Roth contributions.	Immediately

SECURE 2.0 Act of 2022, United States Senate Committee on Finance, https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

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Thank you.

Secure Act 2.0 Appendix[1]

Section 107 – Increase in Age for Required Beginning Date for Mandatory Distributions: Increases the age at which required minimum distributions (“RMDs”) from retirement plans must commence from age 72 to age 73 in 2023 and to age 75 in 2033 (“RMD Age”). Specifically, the RMD Age is (a) age 70 ½ for individuals born before July 1, 1949, (b) age 72 for individuals born after June 30, 1949, but before 1951, (c) age 73 for individuals born after 1950, but before 1960, or (d) age 75 for all others – note, apparent drafting error in the statutory language, makes it unclear when age 75 starts to apply in lieu of age 73, but it appears age 75 is intended to apply if born after 1959. Effective for distributions made after December 31, 2022, for individuals who attain age 72 after that date.

Section 109 – Higher Catch-up Limit to Apply at Age 60, 61, 62 and 63: Increases the catch-up contribution limit for non-SIMPLE plans for individuals aged 60 to 63 to the greater of (i) $10,000 per year, or (ii) 150% of the regular catch-up contribution amount in 2024 (as indexed for inflation). The catch-up contribution limit for SIMPLE plans is similarly increased for individuals ages 60 – 63 to the greater of (i) $5,000 per year, or (ii) 150% of the regular catch-up amount in 2025 (as indexed for inflation), beginning for taxable years beginning after December 31, 2024.

Section 110 – Treatment of Student Loan Payments as Elective Deferrals for Purposes of Matching Contributions: Allows for employer contributions made on behalf of employees for “qualified student loan repayments” to be treated as matching contributions to 401(k) plans, 403(b) plans, SIMPLE IRAs, and governmental 457(b) plans. With respect to nondiscrimination testing, such plans are permitted to separately test the employees who receive matching contributions on student loan repayments. Effective for plan years beginning after December 31, 2023.

Section 115 – Withdrawals for Certain Emergency Expenses: Allows one penalty tax-free withdrawal within a 3-year period up to $1,000 per year for “unforeseeable or immediate financial needs relating to personal or family emergency expenses.” Such withdrawal may be repaid within the 3-year period and if so repaid, more than one withdrawal may be permitted within the 3-year period. Effective for distributions made after December 31, 2023.

Section 127 – Emergency Savings Accounts Linked to Individual Account Plans: Allows employers to offer their employees (excluding highly compensated employees) a pension-linked emergency savings account as part of a defined contributions plan. Employers may automatically opt employees into these accounts at no more than 3% of their salary, and the portion of an account attributable to the employee’s contribution is capped at $2,500 (or a lower as set by the employer). Contributions are made on a Roth-like basis and are treated as elective deferrals for purposes of matching contributions with an annual matching cap set at the maximum account balance ($2,500 or lower as set by the employer). Requires employer matching contributions be made to the individual’s defined contribution plan account rather than to the emergency savings account. At separation from service, employees are permitted to roll the emergency savings account into a Roth defined contribution plan or an IRA. Effective for plan years beginning after December 31, 2023.

Section 302 – Reduction in Excise Tax on Certain Accumulations in Qualified Retirement Plans: Reduces the excise tax penalty for failure to take RMDs from 50% to 25% of the shortfall. Such excise tax is further reduced to 10% if the individual corrects the shortfall during a 2-year window. Effective for taxable years beginning after the date of enactment.

Section 303 – Retirement Savings Lost and Found: Directs the DOL to create a national online searchable lost and found database to collect information on benefits owed to missing, lost or non-responsive participants and beneficiaries in tax-qualified defined benefit and defined contribution retirement plans to assist such plan participants and beneficiaries in locating their benefits and the contact information of their plan administrator. Requires plan to report certain information to the DOL regarding former employees whose benefits have not been paid out. Directs the DOL to create such database no later than 2 years after the date of enactment.

Secure Act 2.0 Appendix[1]

Section 304 – Updating Dollar Limit for Mandatory Distributions: Increases the amount that employers may, without participant consent, distribute and rollover from a participant's workplace retirement account into an IRA from $5,000 to $7,000. Effective for distributions made after December 31, 2023.

Section 306 - Eliminate the "first day of the month" requirement for governmental section 457(b) plans. Under current law, participants in a governmental 457(b) plan must request changes in their deferral rate prior to the beginning of the month in which the deferral will be made. This rule does not exist for other defined contribution plans. Section 306 allows such elections to be made at any time prior to the date that the compensation being deferred is available. Section 306 is effective for taxable years beginning after the date of enactment of this Act.

Section 309 - Exclusion of certain disability-related first responder treatment payments. Section 309 permits first responders to exclude service-connected disability pension payments from gross income after reaching retirement age. Section 309 is effective for amounts received in taxable years beginning after December 31, 2026.

Section 312 – Employer May Rely on Employee Certifying that Deemed Hardship Distribution Conditions are Met: Allows for plan sponsors to rely on "participant self-certification" that the participant had an event that constitutes hardship for purposes of taking emergency hardship withdrawals from a 401(k) plan or a 403(b) plan. Plan administrators are also permitted to rely on such participant's self-certification that the amount of such hardship distribution is not in excess of the amount required to satisfy the financial need and that the participant has no alternative means reasonably available to the to satisfy such financial needs. Similar rules apply for purposes of unforeseeable emergency distributions from governmental 457(b) plans. Effective for plan years beginning after the date of enactment.

Section 314 – Penalty Free Withdrawal from Retirement Plans for Individual Case of Domestic Abuse: Where a participant is a domestic abuse survivor, that participant may take a penalty tax-free withdrawal up to the lesser of (i) $10,000 (indexed for inflation), or (ii) 50% of their account value with the option to repay such amounts within a 3-year timeframe. Effective for distributions made after December 31, 2023.

Section 325 – Roth Plan Distribution Rules: Eliminates the lifetime minimum distribution requirement for designated Roth accounts under qualified retirement plans (but the after-death required minimum distribution rules continue to apply). Under the current law, such exemption was previously limited to Roth IRAs (but not designated Roth accounts held in 401(k) and other plans). Generally effective for tax years beginning after December 31, 2023, although not with respect to distributions required before January 1, 2024.

Section 326 – Exception to Penalty on Early Distributions from Qualified Plans for Individuals with a Terminal Illness: Creates an exception to the 10% early withdrawal penalty for those participants with a terminal illness. Requires a physician certify that such participant has an illness or condition that is reasonably expected to result in death within 84 months. Effective on the date of enactment.

Secure Act 2.0 Appendix[1]

Section 328 – Repeal of Direct Payment Requirement on Exclusion from Gross Income of Distributions from Governmental Plans for Health and Long-Term Care Insurance: Eliminates the requirement that, in order to be excluded from gross income (up to $3,000), distributions made from a governmental retirement plan that are used to pay for certain eligible public safety officers health insurance premiums be paid directly from such plan. Permits governmental retirement plans to pay for qualified health insurance premiums by making distributions directly to either the insurer or to the participant. If the plan makes such distributions to the participant, such participant must include a self-certification that such funds did not exceed the amount paid for premiums when filing their tax return for that year. Effective for distributions made after the date of enactment.

Section 329 - Modification of eligible age for exemption from early withdrawal penalty. The 10 percent additional tax on early distributions from tax preferred retirement savings plans does not apply to a distribution from a governmental plan to a public safety officer who is at least age 50. Section 329 extends the exception to public safety officers with at least 25 years of service with the employer sponsoring the plan and is effective for distributions made after the date of enactment of this Act.

Section 330 - Exemption from early withdrawal penalty for certain State and local government corrections employees. Section 330 extends the public safety officer exception to the 10 percent early distribution tax to corrections officers who are employees of state and local governments, effective for distributions made after the date of enactment of this Act.

Section 331 – Special Rules for use of Retirement Funds in connection with Qualified Federally Declared Disasters: Establishes permanent special rules governing plan distributions and loans in cases of qualified federally declared disasters. Permits up to $22,000 to be distributed from employer retirement plans or IRAs for affected individuals. Creates an exemption to the 10% early distribution penalty tax for such distributions. Effective for disasters occurring on or after January 26, 2021.

Section 338 – Requirement to Provide Paper Statements in Certain Cases: Amends the relevant provisions of ERISA related to pension benefit statements to require plan sponsors of defined contribution plans to provide at least one paper statement to plan participants each calendar year and, with respect to defined benefit plans, to provide at least one paper statement every 3 years. Permits exceptions to these pension benefit statement rules for plans that allow employees to opt into e-delivery statements if the plan follows the conditions of the 2002 safe harbor. Directs the DOL to update the relevant sections of their regulations and corresponding guidance by December 1, 2024. Effective for plan years beginning after December 31, 2025.

Section 603 – Elective Deferrals Generally Limited to Regular Contribution Limit: Requires that all catch-up contributions to 401(a) qualified plans, 403(b) plans, and governmental 457(b) plans be made on a Roth basis, with an exception made for those employees whose prior year wages do not exceed $145,000 (indexed for inflation). SIMPLE and SEP IRAs are excluded from this requirement. Effective for taxable years beginning after December 31, 2025.

Section 604 – Optional Treatment of Employer Matching or Nonelective Contributions as Roth Contributions: Allows a 401(a) qualified plan, 403(b) plan, or governmental 457(b) plan to provide participants with the option of treating employer matching and non-elective contributions as Roth contributions. Matching and nonelective Roth contributions must be 100% vested at the time of such contribution. Effective for contributions made after the date of enactment.

[1]SECURE 2.0 Act of 2022, United States Senate Committee on Finance, https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf

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