KENTUCKY NONPROFIT NETWORK

RETIREMENT SOLUTION

Powered by Retirement (k)oncierge Group

A Retirement Plan Program for Members of Kentucky Nonprofit Network powered by the R(k)G Packaged Retirement Solution with Voya

Fall 2024 - Retirement Plan Update

R(k)G

Retirement (k)oncierge Group

Where service is embedded in our name.

KNN Retirement Solution Presenters

RKG	Voya Financial
	
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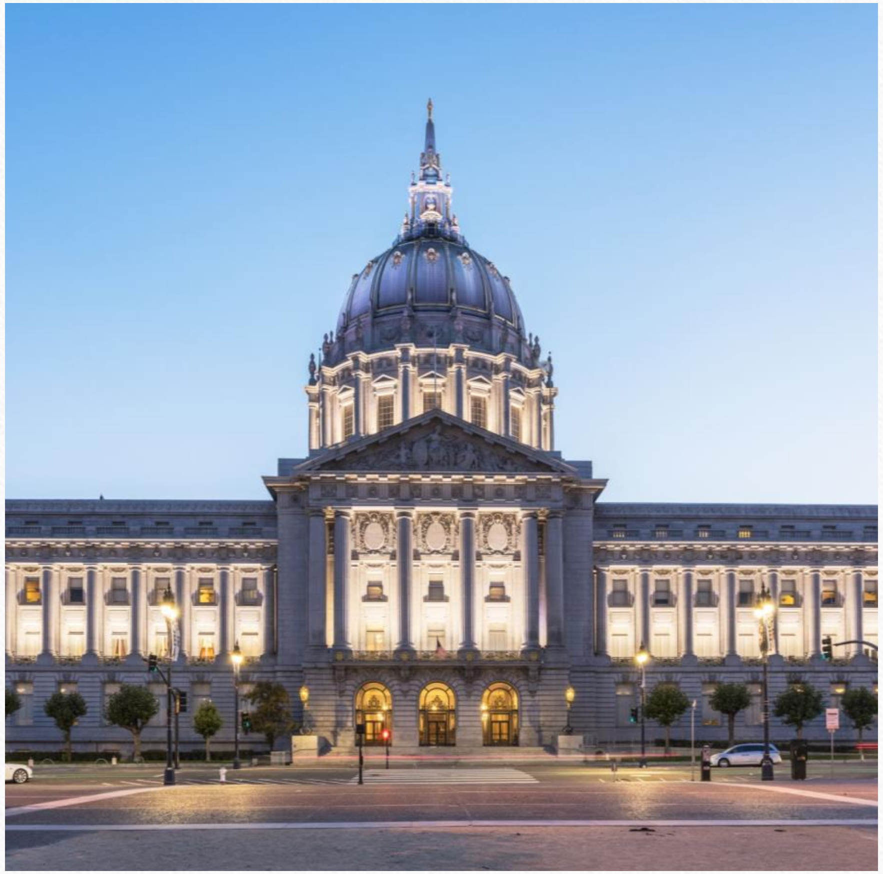
Agenda

- Fast Facts about Retirement Plans
- Secure 2.0
  - Background
  - Theme to this new legislation
  - Most impactful components now and in 2025
- KNN's Retirement Solution



Defined Contributions Plans are the Nation's Most Common Form of Retirement Savings

- 401(k) Plans cover more than 87.9 million Americans with $10.4 trillion in assets*
- Americans value their retirement plans
  - 87% of plan-owning households said "payroll deduction makes it easier for me to save."*
  - 88% of plan-owning households said "my employer-sponsored retirement account helps me think about the long term, not just my current needs."*
  - 89% disagreed that the government should "reduce the amount that individuals can contribute to DC accounts."*
  - 87% disagreed that the government should "take away the tax advantages of defined contribution accounts."*

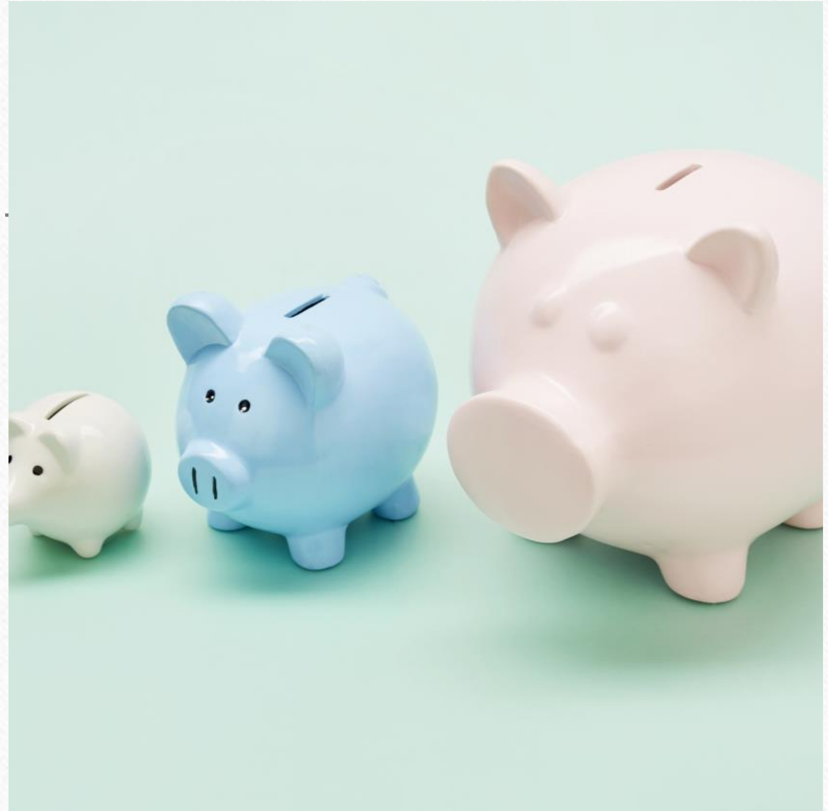
*American Benefit Council – 2024 Fast Facts on 401(k) Plans

Secure 2.0 Background

- The $1.7 trillion omnibus budget law (the Consolidated Appropriations Act) passed at the end of 2022 includes 90 provisions that impact retirement regulations
- Now frequently referred to as “SECURE Act 2.0”
- General intention is to enhance retirement benefits and expand private plan coverage
- Significant impact to for-profit business – Tax Credits for Startup plans and employer contributions
- Will have some impact on almost all plan sponsors

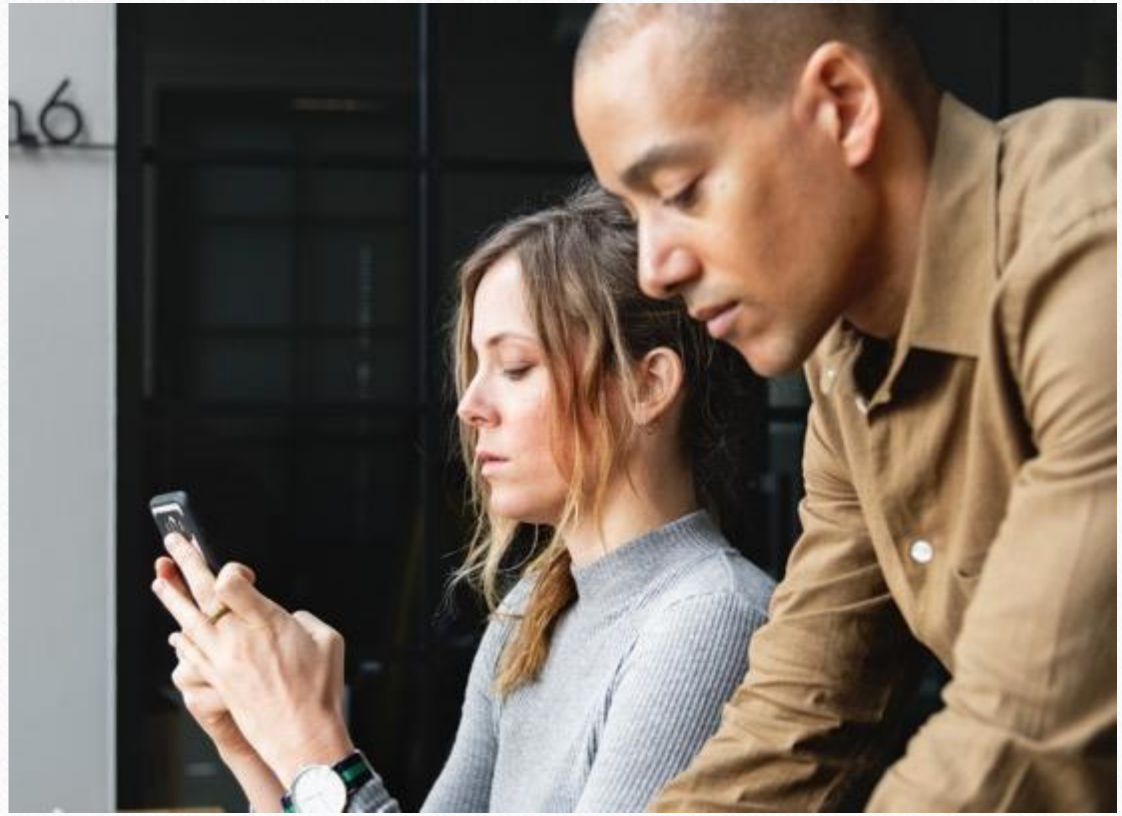
Mandatory Auto Enrollment

- All 401(k) and 403(b) plans established after 12/29/22
- Required beginning 2025
- Start at 3-10% and grow by 1% to 10-15%
- Must allow permissive withdrawals
- Exempt – Employers with < 10 employees and employers in existence for < 3 years



Catch Up Contributions

- Catch up contributions for those earning over $145,000 must be a Roth contribution beginning in 2024. - **Delayed** until 2026
- Starting in 2025 - Catch up contributions increase at ages 60-63
  - Raises catch-up contributions to the greater of $10,000 or 150% of regular catch-up limit for years in which the participant would attain age 60 through 63
    - In 2024, the catch-up limit is $7,500
  - Most recordkeepers are defaulting to allow the increased catch-up contribution; check with your recordkeeper to ensure your preference is applied

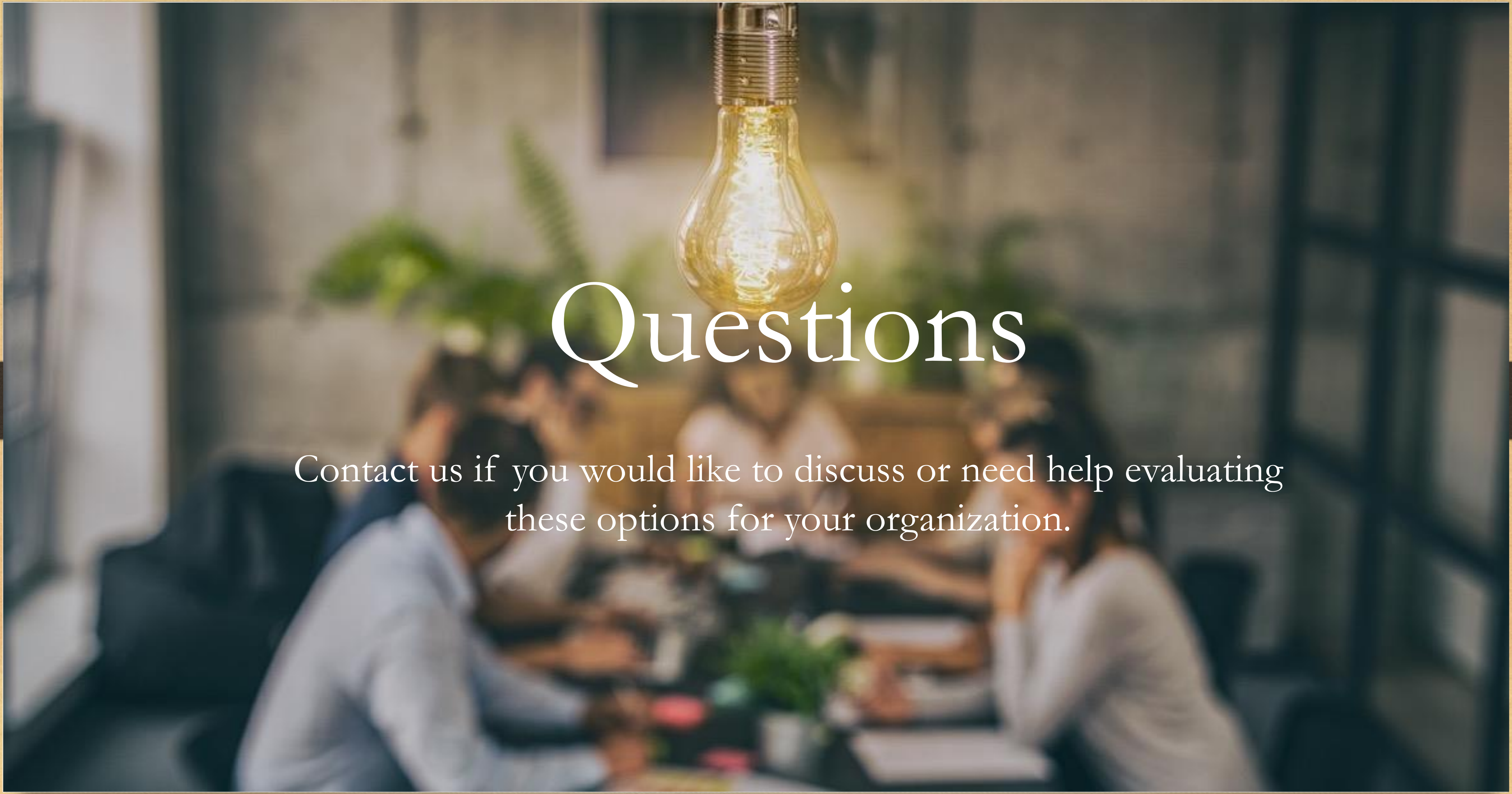


Long Term Part Time Employees

- Employees working 500 hours per year over the last 3 years must be able to contribute in 2024
- Beginning in 2025, the requirement goes from 3 years to 2 year and LTPT rules apply to 403(b) Plans
- Organizations may still require more stringent requirements to be eligible for employer contributions.
- How does this impact universal availability rules in 403(b) Plans?

Miscellaneous

- Mid year conversion from Simple IRA to Safe Harbor 401(k) Plan beginning 2024
- Employer may rely on employee certification for Hardships
- Beginning 2024 – 403(b) plans may allow hardship distributions from all sources AND earnings
- Mandatory Distributions limit increases from $5,000 to $7,000 in 2024 – Most plans defaulting to higher limit; Check with your recordkeeper to ensure your preferences are applied



Questions

Contact us if you would like to discuss or need help evaluating these options for your organization.

Thank you!

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