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Are Your Retirement Plans in Compliance With the Upcoming SECURE 2.0 Deadline?

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Retirement plans face a critical compliance deadline arriving on **December 31, 2026.** By that date, most qualified retirement plans must adopt written plan amendments reflecting the various changes enacted by the SECURE Act of 2019,[1] the CARES Act of 2020,[2] and the SECURE 2.0 Act of 2022.

Although retirement plans have been required to *operate* in compliance with these laws as of each applicable effective date, IRS guidance has permitted plan sponsors to delay the formal adoption of plan amendments for the past several years. In other words, the guiding principle has been "operational compliance now, plan amendments later." We are quickly approaching the moment when "later" means "now."

As the plan amendment deadline approaches, plan sponsors should confirm that their retirement plans have been operated in accordance with the new requirements and that written plan amendments will be adopted by the year-end of 2026. This blog post summarizes the key action items for plan sponsors to consider.

Plan Amendment Deadline

IRS Notice 2024-02 provides the deadline for plans to reflect recent legislative changes. These legislative changes include the SECURE Act, SECURE 2.0 Act, CARES Act, and certain related provisions.

For many qualified retirement plans—including individually designed and pre-approved plans operated on a calendar plan year—**the amendment deadline is the last day of the first plan year beginning on or after January 1, 2026 (i.e., December 31, 2026).** Governmental plans and certain collectively bargained plans generally have later deadlines.

Plan sponsors should be aware that the deadline applies to *all* required changes under these legislative enactments, not merely those with a 2026 effective date:

- Accordingly, plans must adopt either a single consolidated amendment addressing each provision from this recent legislation or coordinate multiple amendments that collectively address all required changes.
- The amendment should also reflect the plan's operational decisions, including whether the sponsor has adopted any optional provisions under these laws.
- Finally, the amendment should be consistent with how the plan has been administered from each provision's effective date.

Key Mandatory Operational Requirements for 2025–2026

1. Confirm Operational Compliance With SECURE 2.0 Provisions

- Before the formal amendment is executed, plan sponsors should confirm their operational compliance with several mandatory SECURE 2.0 provisions that take effect in 2026.
- For example, SECURE 2.0 requires that catch-up contributions made by participants whose prior-year FICA wages from the sponsoring employer exceeded $145,000 must be designated as Roth contributions.
- SECURE 2.0 also provides an increased "super catch-up" contribution limit for participants who attain ages 60 through 63 during the taxable year.

2. New Rules for Participation of Long-Term, Part-Time Employees

- Next, the long-term, part-time employee eligibility rules require 401(k) plans to permit elective deferrals by employees who complete at least 500 hours of service in each of two consecutive 12-month periods, effective for plan years beginning after December 31, 2024.

3. Include Automatic Enrollment in New 401(k) and 403(b) Plans

- Finally, SECURE 2.0 requires any new 401(k) or 403(b) plan established after December 29, 2022, to include automatic enrollment, with automatic annual escalation of 1 percent per year up to at least 10 percent.
- Exemptions for small employers may apply to this automatic enrollment rule.

Recommended Next Steps for Plan Sponsors

Plan sponsors should take the following actions in advance of the December 31, 2026, deadline:

- **Review payroll and recordkeeping systems** to confirm that plan administrators can identify participants subject to the mandatory Roth catch-up requirement (based on prior-year FICA wages exceeding the $145,000 threshold) and properly source those contributions.

- **Confirm that plan documents and summary plan descriptions accurately reflect the plan's current operations,** including the super catch-up limits, part-time employee eligibility tracking, and any automatic enrollment or escalation features.
- **Coordinate with recordkeepers and third-party administrators regarding the specific amendment language to be adopted**—particularly if the plan uses a pre-approved document that the provider is updating on a standardized timeline.
- **Decide which SECURE 2.0 optional provisions, if any, will be implemented,** as each such election must be reflected in the written plan amendment. These optional provisions include emergency savings accounts, student loan matching contributions, de minimis financial incentives for plan participation, and penalty-free emergency withdrawals.

Sponsors should use this opportunity to ensure that required plan documents and participant notices have been updated and that any necessary changes to plan operations are addressed prior to the amendment deadline.

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[1] SECURE (Setting Every Community Up for Retirement Enhancement) Act

[2] CARES (Coronavirus Aid, Relief, and Economic Security) Act of 2020

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