

Retirement Secure Act 2.0 Major Changes 2025



Although the Secure Act 2.0 was passed nearly two years ago, several provisions will become effective in 2025.

Here are two changes that could have the biggest impact on 401k plans for 2025.

HIGHER CATCH-UP CONTRIBUTIONS FOR AGES 60-63

Plans are permitted to offer higher catch-up contributions for participants who will reach the ages of 60-63 before the end of the year. During these ages, a participant would be allowed a catch-up contribution of \$10,000 or 150% of the regular catch-up limit. For example, should the regular 50 and older catch-up contribution stay at \$7,500 for 2025, those ages 60-63 would be allowed a higher catch-up limit of \$11,250.

	2024 catch-up contribution	change	2025 catch-up contribution
50 year-old	\$7,500	—	\$7,500
60-63 year-old	\$7,500	150%	\$11,250

What steps do plan sponsors need to take? 401k Plan recordkeepers have prepared for the enhanced catch-up provisions, and plans should default to allow eligible participants to maximize their contributions. We recommend that you check that your payroll system is set up to allow additional contributions for those participants ages 60-63. Also, consider how to return to the lower contribution limit for the calendar year for those participants who reach age 64.

401K COVERAGE FOR LONG-TERM PART-TIME EMPLOYEES

Long-time part-time (LTPT) employees will be eligible to participate in a 401k if they have worked at least 500 hours in two consecutive 12-month periods and are 21 years of age by the end of the second year. While part-time employees are eligible to enroll and make contributions to the plan, employers do not have to make matching contributions on their behalf.

	hours worked in two consecutive 12-month periods	age at end of second year	401k eligibility
LTPT Employee #1	500+	21+	✓
LTPT Employee #2	>500	>21	✗

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