



Washington Update

A Summary of Key Legislative and Regulatory Developments Affecting Retirement Savings

DECEMBER 2024

The 2024 Election

On November 5, 2024, Americans who had not yet voted early by mail or in person, headed to the polls to cast their ballots to determine who would be the 47th President of the United States. Additionally, with all 435 seats comprising the House of Representatives up for election and 34 Senate seats contested this year, voters had the opportunity to determine whether control in Washington would be unified or shared in 2025.

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While the outcome of the Presidential election was known by the early morning of November 6, as well as control of the Senate in the upcoming 119th Congress, it took several days before control of the House became clear and several weeks before all Senate and House race outcomes were determined. With the election complete, we look at the results and what they mean as we close out the 118th Congress and enter 2025.

With former President Trump having secured 312 electoral votes (with 270 the number necessary to win the Presidency), he will become the 47th President when he takes the oath of office on January 20, 2025. However, before President-elect Trump is sworn into office, the 119th Congress will have already convened on January 3 (in part so it can fulfill its obligation to count and certify the votes of the electoral college on January 6), and when it gavels into session the Republican Party will control both the Senate and the House of Representatives (in the current Congress the Democratic Party controls the Senate, while the Republican Party controls the House).

While the Republican Party will control both chambers in the 119th Congress, such control will be with narrow margins. In the House, the Republican majority will be 220R to 215D, a net pick-up of one seat for Democrats in the lower chamber (as compared with the 118th Congress). In the Senate, the Republican majority will be 53-47, a net pick-up of four seats for the Republicans, allowing them to move into the majority. While these margins will allow for the Republican Party to control the legislative agenda in both Chambers, moving the Trump Administration's agenda forward through Congress won't necessarily be easy. The margin in the House won't allow room for error in any matter. In the Senate, the majority will still be short of the 60-vote threshold necessary to, for most legislation, avoid the filibuster rules.



Legislation

The Lame Duck Session and Low Expectations

After the Thanksgiving holiday, Congress returned to Washington in early December for, at most, a three-week session to finish its work for the 118th Congress. This short work period is not anticipated to be productive, except for consideration of legislative items that must be addressed prior to adjourning sine die.

As we have detailed in prior updates, the federal government is currently operating under a Continuing Resolution (“CR”), legislation that essentially keeps federal programs and operations funded to a date certain in the future. The current CR under which the federal government is operating maintains funding for federal operations through December 20, at which time, absent either completion of the annual appropriations process, or the enactment of a further CR, many federal programs and operations will shut down.

With Congress having failed to enact any of the 12 annual appropriations measures to date, at this point, options to complete the appropriations process are slim and include combining all of the unfinished appropriations measures into a single omnibus appropriations bill or several “mini-bus” appropriations measures. In fact, the most realistic option is to simply enact into law another CR that would run through the early months of 2025.

Beyond the necessity of enacting a CR, there are several additional measures that Congress will seek to address in the coming weeks. It is likely that the annual National Defense Authorization Act (“NDAA”), as well as an extension for one

year of the expired 5-year farm bill, are considered prior to adjournment. These are both viewed as “must pass” items, even though they could await the next Congress.

In prior Updates, we have highlighted certain tax legislation, in particular, H.R. 7024, the *Tax Relief for American Families and Workers Act of 2024*, that enjoyed bi-partisan support such that it could pass singularly or as a part of other legislation.¹ At this very late stage of the 118th Congress, the most viable option for H.R. 7024 is inclusion in either the anticipated CR or the very short list of “must pass” items. While hitching a ride on the CR or other legislation is certainly possible, the more likely outcome for H.R. 7024 is that it simply becomes a part of the coming tax debate in the 119th Congress over how to address expiration, on December 31, 2025, of most of the individual-focused provisions of the 2017 Tax Cuts and Jobs Act.

Retirement Policy in the Lame Duck Session

As for retirement policy, at this point in the 118th Congress, the prospect for moving any retirement legislation through to enactment is minimal at best. The short legislative calendar during the lame-duck session and the need to focus on those legislative matters that must be considered before adjournment leaves little room for extraneous matters that otherwise can be pushed off to the 119th Congress.

Yet, it is the nature of a lame-duck session for Members to seek to add non-controversial legislation to whatever is

moving through to enactment. It is in this regard that we again mention two retirement-focused items that could find their way onto the CR: the NDAA and the farm bill or some other legislation not mentioned herein. The first is legislation to make technical corrections to the SECURE 2.0 Act of 2022 (“SECURE 2.0”) to make it function as intended when enacted into law.² Correcting drafting errors that remain unfixed from when SECURE 2.0 was enacted into law is non-controversial and isn’t opposed on substantive grounds. The other measure pertains to legislation to amend federal securities laws to authorize the use of collective investment trusts (“CITs”) and unregistered insurance company separate accounts within 403(b) retirement plans (see H.R. 3063 and S. 4917, herein). While both of these measures enjoy bi-partisan support, it simply becomes a leadership decision in the rush to adjournment whether to add extraneous provisions to legislation that is otherwise on a fast track to enactment.

With regard to the many other retirement-specific legislative proposals that Members of Congress have introduced individually this Congress, we highlight many of those measures below, even though their prospects for enactment this year all but foreclosed (with the exception of H.R. 3063 and S. 4917 mentioned above). It is likely that many will be re-proposed when the legislative process begins anew in the 119th Congress. Until then, we will provide an updated presentation of these measures for your review.



Legislation (cont.)

S. 5148—The Improving Retirement Security for Family Caregivers Act of 2024 (Collins, R-ME)

- Would allow “qualified” family caregivers to contribute the maximum amount to a Roth IRA in a calendar year (\$7,000 in 2024), even if the individual’s compensation is below that contribution limit.
- Defines a “qualified family caregiver” as an individual who completes 500 or more hours during the taxable year as a family caregiver and who has completed fewer than 500 hours of paid employment (including self-employment).

Companion legislation was introduced in the House via H.R. 5148 (Pettersen, D-CO).

S. 5149—The Catching Up Family Caregivers Act of 2024 (Collins, R-ME)

- Would allow qualified family caregivers to make catch-up contributions to their plan or IRA for up to 5 taxable years, even if they have not yet reached age 50.
- Defines a “qualified family caregiver” as an individual who completes 500 or more hours as a family caregiver during the taxable year or any one previous taxable year and who has completed fewer than 500 hours of paid employment (including self-employment).
- Allows a plan to rely upon the written representation of an individual that the person is a qualified family caregiver.

Companion legislation was introduced in the House via H.R. 9764 (Pettersen, D-CO).

H.R. 7293—The Automatic IRA Act of 2024 (Neal, D-MA)

- Would generally require employers with more than ten employees that do not sponsor a retirement plan to automatically enroll their employees in IRAs or other automatic contribution plans/arrangements such as 401(k) plans.
- Employers would contribute a default percentage of an employee’s pay into the auto-IRA account.
 - Default minimum is set at 6%, with 1% incremental increases each year thereafter up to 10%.
 - Can be higher—with a 10% limit in the first year and 15% in years thereafter.
 - Employees can raise/lower their contribution percentage or opt-out entirely from the program.
 - Employees have the option to contribute to a traditional IRA or a Roth IRA—with the default being the Roth IRA.
- The automatic IRA must offer employees a target date fund as the default investment option.
- Limits other investment options to the following:
 - A principal preservation fund.
 - A balanced fund.
 - Any other funds added by Treasury at a future date.
- For participants with balances over \$200,000—must be given the option to receive at least 50% of their vested account balance in the form of lifetime income.
- Creates a new \$500 tax credit (per year for three years) for employers of up to

100 employees to facilitate automatic IRAs (applies to tax years beginning after 2024).

- Legislation would apply to plan years beginning after 2026.

S. 3716—The 401Kids Savings Account Act of 2024 (Casey, D-PA)

- Would automatically create tax-advantaged children’s savings accounts (“401Kids Accounts”) for all newborns and children under the age of 18.
- Such accounts would be established using state 529 college savings platforms and managed by state Treasurers.
- Contributions of up to \$2,500 per year per child (indexed for inflation)—would be allowed (combined from all sources—family, a non-profit, an employer, etc.).
- An automatic \$500 per year federal contribution is available for all children up to age 18.
 - Would apply to families with modified Adjusted Gross Income below \$75,000 (single) and \$150,000 (joint filers)—phased out above these amounts.
 - An additional \$250 per year would be available to households eligible for the Earned Income Tax Credit (EITC).
- A \$1 to \$1 savings match on individual contributions allowed up to \$250 per year for households eligible for the EITC.
- States may make additional contributions into 401Kids Accounts beyond the annual \$2,500 contribution limit (for children up to age 18).



Legislation (cont.)

- Withdrawals:
 - Not allowed prior to age 18.
 - At age 18—account balances may be:
 - Withdrawn and used for post-secondary education and training; a home purchase; and/or starting a small business and/or;
 - Rolled into a Roth IRA or an ABLE account;
 - Maintained in the 401 Kids account until used for retirement starting at age 59½.

Similar legislation was introduced in the House via H.R. 7162 (Beyer, D-VA).

S. 3102—Retirement Savings for Americans Act of 2023 (Hickenlooper, D-CO and Tillis, R-NC)

- Would establish a new federal program to provide full- and part-time eligible workers not currently saving in an employer-sponsored retirement plan or state-run IRA with access to portable, tax-advantaged retirement savings accounts.
- Eligible workers would be auto-enrolled at 3% of earnings (with an option to increase/decrease the withholding percentage or to opt out).
- Low- and moderate-income workers would be eligible for a 1% automatic contribution and up to a 4% matching contribution via a refundable tax credit (subject to phase-out at certain income levels) so long as they remain employed.
- Accounts would be portable and owned by the account holder.

Companion legislation was also introduced in the House via H.R. 6065 (Smucker, R-PA and Sewell, D-AL).

S. 3305—The Helping Young Americans Save for Retirement Act (Cassidy, R-LA and Kaïne, D-VA)

- Would reduce the eligibility age to 18 (from age 21 today) for participation in a defined contribution plan subject to Employee Retirement Income Security Act of 1974, as amended (“ERISA”).
 - Would be limited to employees between the ages of 18 and 21 in certain circumstances.
 - Such employees may be excluded from nondiscrimination and top-heavy rules.
 - Employers would not be required to make matching contributions on behalf of these employees.
- Employees under age 21 who are eligible to participate in the plan would not be counted for purposes of determining whether the plan is subject to an annual audit (would not be counted until five years after becoming a participant in the plan).
- Would not be effective until 2026.

Similar legislation was introduced in the House via H.R. 9281 (Pettersen, D-CO).

H.R. 5337—The Retirement Proxy Protection Act (Houchin, R-IN)

- Would provide that decisions to exercise shareholder rights are subject to ERISA’s fiduciary duty provisions, including the duty to act solely in the best interest of participants/beneficiaries.
- Would require a fiduciary to comply with its fiduciary duties and exercise prudence and diligence when selecting and monitoring a person who advises on the exercise of shareholder rights.
- Would require the plan fiduciary to

monitor proxy voting activity of a third party to whom the exercise of shareholder rights has been delegated on behalf of the plan.

H.R. 5337 was favorably reported from the House Education and Workforce Committee on September 26, 2023, and awaits floor consideration.

H.R. 5338—The No Discrimination in My Benefits Act (Good, R-VA)

- Would require a fiduciary to a plan, when selecting, monitoring and retaining any fiduciary, counsel, employee or service provider of the plan for:
 - The exclusive purpose of providing benefits to participants/beneficiaries and defraying reasonable expenses of administering the plan.
 - With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and;
 - Without regard to race, color, religion, sect or national origin.

H.R. 5338 was favorably reported by the House Education and Workforce Committee on September 26, 2023, and awaits floor consideration.

H.R. 5339—The Roll Back ESG to Increase Retirement Earnings (RETIRE) Act (Allen, R-VA)

- Would require ERISA fiduciaries to consider only pecuniary factors exercising their fiduciary responsibilities with regard to an investment or investment course of action.



Legislation (cont.)

- If a fiduciary is unable to distinguish between investment alternatives or courses of action based on pecuniary factors alone, the fiduciary would be allowed to consider non-pecuniary factors as the deciding factor, provided the fiduciary complies with certain documentation requirements.

H.R. 5339 was favorably reported by the House Education and Workforce Committee on September 26, 2023, and awaits floor consideration.

H.R. 5340—The Providing Complete Information to Retirement Investors Act (Banks, R-IN)

- For plans with brokerage windows, would impose a new notice requirement to explain to participants the difference between having fiduciaries select the plan's investment options and choosing investments through a brokerage window.

H.R. 5340 was reported favorably from the House Education and Workforce Committee on September 26, 2023 and awaits floor consideration.

S. 2512—A Bill to Amend the Internal Revenue Code of 1986 to Provide a Credit for Re-Enrollment Provisions in Retirement Plans of Small Employers (Cassidy, R-LA and Kaine, D-VA)

- Would amend the Internal Revenue Code of 1986, as amended (the "Code") to provide a three-year \$500 per year tax credit for small employers (100 or fewer employees) that includes automatic re-enrollment provisions within their qualified retirement plans.
- Would require automatic re-enrollment at least every three years to be eligible for the credit.

S. 2517—The Auto Re-Enroll Act of 2023 (Kaine, D-VA and Cassidy, R-LA)

- Would amend ERISA and the Code safe harbors—pertaining to auto-enrollment—to allow, but not require, plan sponsors to re-enroll all eligible, non-participating employees at least once every three years (with an employee opt-out allowance).
- Provides that a plan that permits automatic re-enrollment every three years won't fail to qualify for the following:
 - Preemption of state law with respect to auto re-enroll arrangements.
 - The 401(k) plan automatic contribution nondiscrimination safe harbor, or;
 - The rules permitting plans to allow employees who are auto-enrolled to take distributions of the automatic contributions within 90 days of the first contribution.

Companion legislation was also introduced in the House via H.R. 4924 (Manning, D-NC).

H.R. 3063—The Retirement Fairness for Charities and Educational Institutions Act of 2023 (Lucas, R-OK)

- Would amend federal securities laws to authorize the use of collective investment trusts ("CITs") and unregistered insurance company separate accounts within 403(b) retirement savings plans.

On March 6, 2024, during floor consideration of H.R. 2799, the Expanding Access to Capital Act of 2023, Rep. Lucas (R-OK) offered H. Amdt. 853 thereto, to incorporate therein the provisions of H.R. 3063. The amendment

was adopted and made a part of H.R. 2799. Thereafter, on March 8, H.R. 2799 was passed in the House by a vote of 212-205. It now awaits consideration in the Senate.

Similar legislation was introduced in the Senate via S. 4917 (Britt, R-AL).



Outlook

The lame duck session of the 118th Congress is certainly living up to its namesake—lame. As expected, few measures have been considered since Congress returned from the election recess, and the only remaining items that likely move are discussed above (e.g., a CR, the NDAA and farm legislation).

What this means for retirement-focused legislation is simple—if it can await the 119th Congress, it likely will. Yes, there remains some hope, however fleeting, that Leadership in Congress decides to add the several non-controversial retirement provisions discussed above to whatever legislation is moving to enactment. But the reality is, for most retirement legislation that has been introduced to date, along with the thousands of other measures also introduced these past two years, there is no path forward for consideration in the short days remaining in the 118th Congress. That said, the good news is that there is always the next Congress, when the legislative process begins again.



Regulatory

Traditional Regulatory Agenda—Selected Retirement-Focused Rulemaking and Guidance

While there was little progress during the 118th Congress on legislative matters affecting retirement security, both the DOL and Treasury remained active in requesting information, issuing guidance and promulgating rules pertaining to retirement plans on matters falling within their respective jurisdictions.

While a more comprehensive look at the regulatory activity of both the DOL and Treasury appears below, highlights of such regulatory activity include the following:

- For the DOL, during calendar year 2024, the agency finalized long-anticipated rulemaking proposals pertaining to the definition of an investment advice fiduciary under ERISA, along with accompanying changes to related prohibited transaction exemptions (each, a “PTE”). Below, we provide more details regarding the DOL’s final rule and update readers on the status of various legal challenges thereto.
- For its part, the Treasury Department/IRS has also continued its rulemaking efforts with regard to implementation of SECURE 2.0 provisions, and in particular, its release this past summer of final and proposed rules pertaining to required minimum distribution requirements for plans qualified under section 401(a) as well as to update the regulations to reflect amendments to 401(a)(9) via enactment of the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 (the “SECURE Act”) as well as SECURE 2.0.

These and other regulatory projects that were either finalized this past year, proposed this year or proposed in earlier years but nonetheless remain under consideration are highlighted below:

DEPARTMENT OF LABOR

Abandoned Plan Regulations

On May 17, 2024, the DOL published in the Federal Register Interim Final Rules, with a request for comments, which amends the agency’s Abandoned Plan Program (“Program”) regulations to expand the Program’s coverage to individual account pension plans whose sponsors are in liquidation under Chapter 7 of the U.S. Bankruptcy Code. Expansion of the Program regulations will allow Chapter 7 bankruptcy trustees to use the Program’s streamlined procedures to terminate and wind down such plans and to expedite liquidation and distribution of plan assets. The interim final rules also include other technical amendments to the Program to improve its efficiency and operation.

The interim final rules became effective on July 16, 2024. Public comments on the interim final rules were due to the DOL by the effective date. Additionally, on July 19, 2024, the DOL’s EBSA launched an online system for submitting information and certain documentation required by the Program.

[View the Interim Final Rules.](#)

Prohibited Transaction Exemption 2006-06 for Services Provided in Connection With the Termination of Abandoned Individual Account Plans

On May 17, 2024, and in connection with the DOL’s publication of Interim Final Rules to amend the Program (see above), the agency also published in the Federal Register a notice of an amendment to PTE 2006-06, to permit Chapter 7 bankruptcy trustees who elect to be a “qualified termination administrator” of an individual account pension plan (and eligible designees thereof) to rely upon the exemption to provide services to the plan in connection with the plan’s termination and to pay itself fees for such services. The amendment to PTE 2006-06 became effective on July 16, 2024, aligning with the effective date of the Program’s interim final rule (see above).

[View the PTE 2006-06 Amendment.](#)

Proposed Information Collection Request Submitted for Public Comment: Retirement Savings Lost and Found

On April 16, 2024, the DOL published in the Federal Register, a Notice seeking public comment on the agency’s proposed collection of information from plan administrators of retirement plans subject to ERISA for the purpose of establishing the Retirement Savings Lost and Found online searchable database (as required under Section 303 of SECURE 2.0) to help connect missing participants and other individuals with retirement benefits earned over their working lives, for which they may have lost track.



Regulatory (cont.)

Per the Notice, the DOL sought comments on its proposal to request plan administrators to voluntarily furnish information specified therein directly to the agency focused in three distinct areas: plans with separated vested participants; plans that distributed benefits under Code Section 401(a)(31) (pertaining to certain mandatory distributions); and plans that distributed annuities.

Written comments in response to the Notice were due to the DOL by June 17, 2024. Per SECURE 2.0, database creation is required by December 29, 2024.

On November 20, the DOL published in the Federal Register a notice to plan administrators, recordkeepers and other service providers encouraging them to voluntarily submit data to populate the DOL's Retirement Lost and Found database.

Written comments in response to the Notice were due to the DOL by June 17, 2024. Per SECURE 2.0, database creation is required by December 29, 2024.

[View a copy of the Notice.](#)

Automatic Portability Transaction Regulations

On January 29, 2024, DOL published in the Federal Register a notice of proposed rulemaking that would implement the statutory PTE under Section 4975 of the Code, as added by SECURE 2.0, which provides for the receipt of fees and compensation by an automatic portability provider for services provided in connection with an automatic portability transaction. The proposed rule would incorporate SECURE 2.0's statutory conditions for relief into the PTE, while

adding thereto additional conditions that the DOL believes are necessary to grant exemptive relief.

Comments on the proposal were due to DOL by March 29, 2024.

[View a copy of the proposed rule.](#)

Retirement Security Rule: Definition of an Investment Advice Fiduciary

On April 25, 2024, the DOL published in the Federal Register its final fiduciary rule regulatory package, which revises the definition of an investment advice fiduciary. Under the final rule, a person would be an investment advice fiduciary under ERISA:

- If the investment advice/recommendation is made to a retirement investor (a plan, plan fiduciary, plan participant or beneficiary, IRA, IRA owner or beneficiary, or IRA fiduciary);
- The advice/recommendation is provided “for a fee or other compensation, direct or indirect” (defined in the proposal);
- The person makes the recommendation in one of the following contexts:
 - The person either directly or indirectly has discretionary authority or control, whether or not per an agreement, arrangement or understanding, with respect to purchasing/selling securities or other investment property for the retirement investor;
 - The person either directly or indirectly makes investment recommendations on a regular basis as a part of his/her business and the recommendation is provided under circumstances indicating it is based

on the particular needs/individual circumstances of the retirement investor and may be relied upon as a basis for investment decisions that are in the retirement investor's best interest or;

- The person making the recommendation represents/acknowledges that they are acting as a fiduciary when making investment recommendations.

[View the Final Rule.](#)

Legislative Response

In response to the publication of the final rule, on May 15, 2024, S.J. Res. 79 (Budd, R-NC) and H.J. Res. 142 (Allen, R-GA) were introduced in the Senate and House, respectively. Each is a joint resolution providing for congressional disapproval under Chapter 8 of Title 5, United States Code of the rule submitted by the Department of Labor relating to “Retirement Security Rule: Definition of an Investment Advice Fiduciary.”³

- On July 10, 2024, the House Committee on Education and the Workforce approved H.J. Res. 142 by a vote of 23-18. The Resolution now awaits a floor vote in the House.

Litigation Response

There have been several challenges in federal district court to the DOL's final rule defining an investment advice fiduciary as well as the amendments to certain existing PTEs. The location and status of the litigation appears below:

- On July 25, 2024, in the matter of *FACC et al. v. Department of Labor* (Case No. 6:24-cv-163-JDK), the U.S. District



Regulatory (cont.)

Court for the Eastern District of Texas stayed the effective date (September 23, 2024) of the DOL's new definition of fiduciary investment, as well as the amendments to several PTEs until further order of the Court.

- On July 26, 2024, in the matter of *American Council of Life Insurers v. Department of Labor* (Civil Action No. 4:24-cv-00482-O), the U.S. District Court for the Northern District of Texas stayed the effective date of the DOL's new definition of fiduciary investment, as well as amendments to PTE 2020-02, until further order of the Court.
- This means the final fiduciary rule regulatory package will no longer go into effect while the litigation progresses.
- On September 20, 2024, the DOL filed notices in both proceedings referenced above, indicating it would appeal the stays. On November 1, 2024, the parties to the litigation in both cases jointly moved to consolidate the appeals in the 5th Circuit Court of Appeals, which was granted on November 4, 2024. The parties also moved the court to extend the time for filing briefs in the matter to December 20, 2024, for the DOL, and to February 14, 2025, for the plaintiffs. The 5th Circuit granted the motion with regard to the DOL's filing date but denied the plaintiff's requested filing date as "premature" while leaving open the opportunity to again request an extension after the DOL files its brief.

Amendment to Various Prohibited Transaction Exemptions

On April 25, 2024, and in conjunction with the publication of the new regulatory

definition of an investment advice fiduciary (see above), the DOL published in the Federal Register amendments to various class exemptions that work in conjunction with ERISA's fiduciary provisions.

These affected class exemptions are as follows:

Amendment to Class Exemption PTE 2020-02

According to DOL, the amendment to PTE 2020-02 would seek to build upon the existing conditions included therein, by:

- Providing additional disclosures to ensure that retirement investors have sufficient information to make informed decisions about the costs of the investment advice transaction and services of the investment advice fiduciary and any material conflicts of interest;
- Requiring compliance with the Impartial Conduct Standards;
- Establishing, maintaining and enforcing policies and procedures to ensure compliance with the Impartial Conduct Standards;
- Requiring financial institutions to report any non-exempt prohibited transactions in connection with fiduciary investment advice (via IRS form 5330) and make corresponding corrections thereto; and
- Adding the failure to report and correct PTEs to the list of behaviors that could make a financial institution ineligible to rely on the exemption (for 10 years).

The Amendment was set to go into effect

on September 23, 2024, and is applicable to transactions pursuant to investment advice provided on or thereafter. However, the challenges to the DOL's fiduciary rule regulatory package have stayed the effective date for the amendments to PTE 2020-02 until the ongoing litigation is resolved. For transactions occurring prior to such time, the prior version of PTE 2020-02 will remain available for parties currently relying on the exemption. The Amendment provides a one-year phase-in period beginning on the effective date, during which Financial Institutions and Investment Professionals may receive reasonable compensation during the phase-in period if in compliance with the Impartial Conduct Standards and in acknowledgment of fiduciary status.

[View the Amendment to PTE 2020-02.](#)

Legislative Response

On May 15, 2024, H.J. Res. 140 was introduced in the House of Representatives to provide for Congressional disapproval under Chapter 8 of Title 5, United States Code, of the rule submitted by the Department of Labor relating to the amendment to PTE 2020-02 (Allen, R-GA).

- Approval of H.J. Res. 140 by the House and the Senate would, if signed by the President, result in the rule having "no force or effect."

Litigation Response

See Matter of American Council of Life Insurers v. Department of Labor—noted herein.



Regulatory (cont.)

Amendment to Prohibited Transaction Exemption 84-24

According to the DOL, the amendment to PTE 84-24 will limit the universe of investment advice fiduciaries eligible for exemptive relief thereunder to only those entities or persons defined as Independent Producers (persons/entities licensed to sell, solicit or negotiate insurance contracts of multiple unaffiliated insurance companies) and who are not insurance company employees or statutory employees under Section 3121 of the Code selling only non-securities annuities or other insurance products (not regulated by the SEC) to Retirement Investors.

To rely upon PTE 84-24, Independent Producers would have to sell annuities of two or more unrelated insurers. Such relief would be provided only for the fully disclosed eligible forms of compensation, defined as “Insurance Sales Commissions,” received in connection with recommendations for non-security annuity or other insurance products.

Independent Producers that sell or recommend investment products other than non-security annuity contracts or other insurance products not regulated by the SEC (e.g., mutual funds, stocks, bonds and CDs) could not rely upon PTE 84-24 but rather must rely on PTE 2020-02 or another available exemption when receiving fees or other compensation connected with investment recommendations related to those products.

The Amendment was set to go into effect on September 23, 2024, and is applicable to transactions pursuant to investment advice provided on or after the effective date. However, the challenges to the DOL’s fiduciary rule regulatory

package have stayed the effective date for the amendments to PTE 84-24 until the ongoing litigation is resolved. For transactions pursuant to investment advice provided before such time, the prior version of PTE 84-24 will remain available for insurance agents and insurance companies that currently rely on the exemption. The Amendment provides a one-year phase-in period beginning on the effective date, during which an Independent Producer may receive certain compensation if in compliance with the Impartial Conduct Standards condition in Section VII(a) and the fiduciary acknowledgment condition under Section VII(b)(1).

[View the Amendment to PTE 84-24.](#)

Legislative Response

On May 15, 2024, H.J. Res. 141 was introduced in the House of Representatives to provide for Congressional Disapproval under Chapter 8 of Title 5, United States Code, of the rule submitted by the Department of Labor relating to the amendment to PTE 84-24 (Allen, R-GA).

- Approval of H.J. Res. 141 by the House and the Senate would, if signed by the President, result in the rule having “no force or effect.”

Litigation Response

See matter of FACC et al v. Department of Labor—noted herein.

Amendments to Prohibited Transaction Exemptions 75-1, 77-4, 80-83, 83-1 and 86-128

According to the DOL, the amendments

to these existing PTEs eliminate the ability of investment advice fiduciaries to obtain exemptive relief with respect to the covered transactions in each exemption (as well as make other administrative changes thereto). Instead, and to ensure a universal standard of care for the provision of investment advice, exemptive relief for investment advice fiduciaries with respect to such transactions would be provided going forward under one exemption—PTE 2020-02 (as amended).

[View the Mass Amendment.](#)

On May 15, 2024, H.J. Res. 143 was introduced to provide for Congressional disapproval under Chapter 8 of Title 5, United States Code, of the rule submitted by the Department of Labor, relating to the amendment to PTEs 75-1, 77-4, 80-83, 83-1, and 86-128 (Allen, R-GA).

- Approval of H.J. Res. 143 by the House and the Senate would, if signed by the President, result in the rule having “no force or effect.”

Request for Information—SECURE 2.0 Reporting and Disclosure

On August 11, 2023, DOL published in the Federal Register a Request for Information (“RFI”) to solicit public feedback to develop a public record for provisions of SECURE 2.0 that impact the reporting and disclosure framework of ERISA. Among the broad issue areas in which DOL is seeking comments include specific questions focused on those provisions of SECURE 2.0 set forth below:

- Section 127—Emergency Savings Accounts Linked to Individual Account Plans.



Regulatory (cont.)

- Section 318—Performance Benchmarks for Asset Allocation Funds.
- Section 320—Eliminating Unnecessary Plan Requirements Related to Unenrolled Participants.
- Section 334—Pooled Employer Plans.
- Section 338—Requirement to Provide Paper Statements in Certain Cases.
- Section 340—Defined Contribution Plan Fee Disclosure Improvements.
- Section 341—Consolidation of Defined Contribution Plan Notices.
- Section 342—Information Needed for Financial Options Risk Mitigation.
- Section 343—Defined Benefit Annual Funding Notices.

Notably, the RFI excludes the following provisions of SECURE 2.0 that also affect the reporting and disclosure framework of ERISA:

- Section 319—Review and Report to Congress Relating to Reporting/Disclosure Requirements.
- Section 345—Annual Audits for Group of Plans.
- Section 305—Expansion of Employee Plans Compliance Resolution System (EPCRS).

Comments to the RFI were due to the DOL on October 10, 2023.

[View a copy of the Request for Information.](#)

RFI on Possible Agency Actions to Protect Life Savings and Pensions from Threats of Climate-Related Financial Risk

On February 14, 2022, the DOL published in the Federal Register an RFI to seek public input on possible actions

the DOL can take under ERISA and the Federal Employees' Retirement System Act of 1986 (FERSA) to “protect the life savings and pension of U.S. workers and families from the threats of climate-related financial risk.” The RFI was published to further the goals outlined in Executive Order 14030 on Climate-Related Financial Risk, signed by President Biden on May 20, 2021, and in the Report, released by the Biden Administration on October 15, 2021, entitled “A Roadmap to Build a Climate-Resilient Economy” (“Roadmap”).

Comments in response to the RFI were due to DOL by May 16, 2022.

[View a copy of the RFI.](#)

View a copy of the [Executive Order](#) and the subsequent [“Roadmap.”](#)

DEPARTMENT OF TREASURY

On October 3, 2024, the Treasury Department released the 2024-2025 Priority Guidance Plan, which contains 231 guidance projects that are priorities for the agency during the 12-month period from July 1, 2024, through June 20, 2025. Included in the Guidance Plan are retirement and/or other related benefit priorities, some of which are addressed elsewhere in this Update, and include the following (a sampling):

- Regulations under Section 72(t) relating to the 10% additional tax on early distributions.
- Regulations relating to the timing of the use or allocation of forfeitures in qualified retirement plans (see below).
- Updating IRA regulations under

Sections 219, 408, 408A and 4973 for statutory changes and additional issues (see below).

- Final Regulations relating to the SECURE Act and SECURE 2.0 modifications to 401(a)(9) and other issues under 401(a)(9) (see below).
- Regulations updating electronic delivery rules (see below).
- Guidance on student loan payments and qualified retirement plans and 403(b) plans.
- Regulations relating to the SECURE Act and SECURE 2.0 modifications to certain rules governing 401(k) plans (see below).
- Guidance on missing participants, including guidance on uncashed checks.
- Guidance on contributions to and benefits from paid family and medical leave programs.
- Guidance on SECURE 2.0 changes relating to 529 college savings plans.

[View the 2024-2025 Guidance Plan.](#)

Beyond the regulatory guidance plan, and inclusive of several items contained therein, Treasury/IRS have published the following guidance and/or proposed rules, many of which implement provisions of both SECURE 2.0 and the earlier enacted SECURE Act:

IR-2024-289—Give More, Tax-Free; Eligible IRA Owners Can Donate Up to \$105,000 to Charity in 2024

On November 14, 2024, the IRS released IR-2024-289 to remind Individual Retirement Arrangement (IRA) owners age 70½ and older that they can make up to \$105,000 in tax-free charitable



Regulatory (cont.)

donations during 2024 through qualified charitable distributions (up from \$100,000 in prior years). For individuals age 73 and older, such qualified charitable distributions also count toward the year's required minimum distribution (RMD).

[View a copy of the Release.](#)

Guidance Under Sections 414(aa) and 402(c)(12) of the Code With Respect to Inadvertent Benefit Overpayments

On November 4, 2024, the IRS Released Notice 2024-77, providing guidance in the form of questions and answers, on Sections 414(aa) and 402(c)(12) of the Code. Section 414(aa) addresses the requirements of sections 401(a) and 403 with respect to inadvertent benefit overpayments, while section 402(c)(12) addresses the treatment of certain inadvertent benefit overpayments as eligible rollover distributions. The notice is intended to assist taxpayers by providing interim guidance on the impact of these two sections on the Employee Plans Compliance Resolution System (EPCRS).

Comments on IR-2024-289 were due to Treasury/IRS by December 16, 2024.

[View a copy of the Notice.](#)

Guidance Under Section 110 of SECURE 2.0 With Respect to Matching Contributions Made on Account of Qualified Student Loan Payments

On August 19, 2024, the IRS published Notice 2024-63 to provide guidance, in the form of questions and answers,

regarding section 110 of SECURE 2.0, which allows employers to make matching contributions on account of employees' qualified student loan payments under 401(k) plans, 403(b) plans, SIMPLE IRA plans and governmental 457(b) plans.

The Notice applies for plan years beginning after December 31, 2024. For plan years beginning before January 1, 2025, plan sponsors may rely on a good faith, reasonable interpretation of section 110 of SECURE 2.0. According to the IRS, the guidance provided in the Notice is an example of a good faith, reasonable interpretation of section 110 of SECURE 2.0.

Comments on Notice 2024-63 were due to the IRS by October 18, 2024.

[View a copy of the Guidance.](#)

IRS Notice 2024-22—Guidance on Anti-Abuse Rules Under Section 127 of the SECURE 2.0 Act of 2022—Initial Guidance

On January 12, 2024, the IRS released Notice 2024-22, providing initial guidance to employers setting up “pension-linked emergency savings accounts” (“PLESAs”) for their employees. PLESAs were authorized by SECURE 2.0 as “short-term savings accounts established and maintained in connection with a defined contribution plan—and are treated as a type of designated Roth account.”

Should an employer offer a PLESA as a part of a defined contribution plan, the plan may either offer to enroll eligible employees into the PLESA or automatically enroll such eligible participants via an automatic contribution arrangement.

A defined contribution plan that includes a PLESA must separately account for contributions to the PLESA (and any earnings thereon); maintain separate recordkeeping with respect to each PLESA; and allow withdrawals from the PLESA, in whole or in part, at least once per month. An employer that makes matching contributions to a plan that includes a PLESA option is generally required to make matching contributions to an employee's PLESA contributions at the same rate as with the plan. Such matching contributions would be deposited into the participant's plan account (not into the PLESA). The IRS guidance also highlights reasonable measures employers are permitted to take to discourage potential abuses of the PLESA matching contribution rules.

[View a copy of Notice 2024-22.](#)

Separately, on January 17, 2024, DOL issued a series of Frequently Asked Questions (“FAQs”) to provide “general compliance information” under ERISA pertaining to PLESAs. The FAQs seek to address questions pertaining to: eligibility and participation in a plan's PLESA; contribution requirements for PLESAs; distributions and withdrawals from PLESAs; and administrative and investment requirements for PLESAs. DOL anticipates releasing additional guidance in the coming months.

[View a copy of the FAQs.](#)



Regulatory (cont.)

IRS/DOL/PBGC—Joint RFI SECURE 2.0 Section 319 Effectiveness of Reporting and Disclosure Requirements

On January 23, 2024, the IRS, DOL and PBGC jointly published in the Federal Register a RFI to develop a public record to assist the agencies in addressing the requirement, outlined in section 319 of SECURE 2.0, that they review existing reporting and disclosure requirements for certain retirement plans under ERISA and the Code to assess their effectiveness, and thereafter to make recommendations to Congress regarding such requirements.

The RFI seeks public input via a series of questions regarding the effectiveness of required notices and disclosures to plan participants; and, separately, questions regarding the effectiveness of plan reporting requirements under the Code and ERISA.

Per section 319, the agencies must report their findings and recommendations to Congress by December 29, 2025.

Comments on the RFI were due to the agencies by May 22, 2024.

[View a copy of the RFI.](#)

IRS—Long-Term, Part-Time Employee Rules for Cash or Deferred Arrangements Under Section 401(k)

On November 27, 2023, the IRS published in the Federal Register a notice of proposed rulemaking to amend the rules applicable to cash or deferred arrangements under Section 401(k) plans to provide guidance regarding long-term, part-time employees. The proposed rules provide guidance on the special eligibility and vesting rules for longer-term part-time

employees as originally enacted as a part of the SECURE Act, and as later modified by SECURE 2.0.

Comments were due to IRS by January 26, 2024, and a public hearing on the proposed regulation was held on March 15, 2024.

Note: The proposed regulations would apply to most plan years beginning on/ after January 1, 2024; and may be relied upon prior to publication of the rule as final.

[View a copy of the proposed rule.](#)

Additional Guidance With Respect to Long-Term, Part-Time Employees, Including Guidance Regarding Application of Section 403(b)(12) to Long-Term, Part-Time Employees Under Section 403(b) Plans

On October 3, 2024, the Treasury Department/IRS released Notice 2024-73 to provide guidance on discrete issues related to the application of the nondiscrimination rules of section 403(b) (12) with respect to long-term, part-time employees in a 403(b) plan.

Comments on the contents of the Notice were due to the IRS by December 20, 2024. In addition, the IRS also stated separately therein that final regulations related to long-term, part-time employees in 401(k) plans will apply no earlier than to plan years that begin on or after January 1, 2026.

[View a copy of Notice 2024-73.](#)

Request for Comments Regarding Implementation of Saver's Match Contributions

On September 5, 2024, the Treasury Department/IRS released Notice 2024-65,

requesting comments on issues related to section 103 of SECURE 2.0 (pertaining to Saver's Match contributions to be paid by Treasury) and section 104 of SECURE 2.0 (pertaining to the requirement for Treasury to increase public awareness of the availability of the Saver's Match, and to provide a report to Congress on such anticipated promotion efforts).

Comments were due to Treasury/IRS by November 4, 2024.

[View a copy of Notice 2024-65.](#)

IRS—Miscellaneous Changes Under SECURE 2.0

On December 20, 2023, the IRS released Notice 2024-2 to provide guidance, in question-and-answer format, with regard to a number of provisions in SECURE 2.0, including the following:

- Section 101—Expanding automatic enrollment.
- Section 102—Modification of credit for small employer pension plan startup costs.
- Section 112—Military spouse retirement plan eligibility credit for small employers.
- Section 113—Small immediate financial incentives for contributing to a plan.
- Section 117—Contribution limit for SIMPLE Plans.
- Section 326—Exception to additional tax on early distributions from qualified plans for individuals with a terminal illness.
- Section 332—Replacement of SIMPLE retirement accounts with safe harbor 401(k) plans during a year.
- Section 348—Cash balance plans.



Regulatory (cont.)

- Section 350—Safe harbor for correction of employee elective deferral failures.
- Section 501—Provisions related to plan amendments.
- Section 601—SIMPLE and SEP Roth IRAs.
- Section 604—Optional treatment of employer contributions or nonelective contributions as Roth contributions.

According to the IRS, the Notice is not intended to provide comprehensive guidance as to specific provisions of SECURE 2.0, but rather to assist with the implementation of these provisions as the IRS continues its analysis of changes made under SECURE 2.0, with further guidance (including regulations) possible as appropriate.

Comments on the guidance were due to the IRS by February 20, 2024.

[View a copy of the guidance.](#)

IRS Notice 2023-62—Guidance on Section 603 of SECURE 2.0 With Respect to Catch-Up Contributions

On August 25, 2023, the Department of the Treasury/IRS released Notice 2023-62 to provide guidance with respect to section 603 of SECURE 2.0 that requires all catch-up contributions made to a 401(a) qualified, 403(b) or 457(b) plan be designated as Roth contributions for those individuals whose prior year's wages exceeded \$145,000. The IRS Notice importantly provides for an “administrative transition period”—through 2025—during which:

- The Roth catch-up contribution requirement would not apply to otherwise applicable individuals (i.e.,

catch-up eligible individuals with FICA wages of over \$145,000 in the preceding year) and;

- Plans will not be required to offer Roth elective catch-up contributions until 2026.

Also, the Notice further addresses the technical error in Section 603 of SECURE 2.0 that would have eliminated all catch-up contributions beginning in 2024 by clarifying that Congress did not intend to eliminate all catch-up contributions.

In the Notice, the IRS also indicated that further guidance would be forthcoming to:

- Clarify who would be subject to the Roth catch-up contribution requirement based upon FICA wages (or lack thereof).
- To permit employers to treat an election by a participant, who is subject to the Roth catch-up contribution requirement, as a Roth catch-up election, even if the participant otherwise elected to make catch-up contributions on a pre-tax basis.
- Address situations whereby an eligible participant may receive wages from different participating employers.

Comments on the issues raised in Notice 2023-62, including in anticipation of forthcoming guidance, were due to the IRS by October 24, 2023.

[View a copy of Notice 2023-62.](#)

IRS—Required Minimum Distributions (Final Rule)

On July 19, 2024, the IRS published in the Federal Register final regulations relating to required minimum distributions

from 401(a) qualified plans; 403(b) annuity contracts; custodial accounts and retirement income accounts; individual retirement accounts and annuities; and certain eligible deferred compensation plans.

The final rules address the required minimum distribution requirements for 401(a) qualified plans and updated the regulations to reflect amendments to 401(a)(9) via enactment of the SECURE Act and via various sections included as part of SECURE 2.0.

Among the provisions of interest in the final rule are the following:

- Retention of the proposed rule's 10-year distribution requirement for “Required Minimum Distributions” of inherited assets.
- Eliminate RMDs for in-plan “designated Roth accounts” during the life of the employee.
- For annuity contracts, clarifies that the determination of status as an “eligible designated beneficiary” occurs as of the annuity starting date; not the date of the employee's death.
- For qualified longevity annuity contracts (QLACs)—eliminate the percentage-based limitation on premiums; increase the dollar limitation on QLAC premiums; allow for certain free-look provisions; and clarify when a divorce occurring after the QLAC is purchased but before annuity payments begin trigger payout changes.
- Clarifies the ability of plans to maintain different RMD rules for different types of eligible designated beneficiaries.



Regulatory (cont.)

The effective date for the final rule is September 17, 2024. The applicability date will apply for distributions made and for distribution calendar years beginning on or after January 1, 2025. For earlier years, taxpayers must apply the final regulations published in 2002 and 2004, taking into account a “reasonable, good faith interpretation” of amendments to the RMD rules enacted as a part of the SECURE Act and SECURE 2.0.

[View the Final Rule.](#)

Required Minimum Distributions (Notice of Proposed Rulemaking)

On July 19, 2024, the IRS published in the Federal Register a Notice of Proposed Rulemaking to set forth proposed regulations to provide guidance relating to required minimum distributions from qualified plans; 403(b) annuity contracts; custodial accounts and retirement income accounts; individual requirement accounts and annuities; and eligible deferred compensation plans under section 457.

The proposed regulations herein would address various provisions that were reserved in the 2024 final regulations (see above), including the following:

- Determination of Applicable Age for Employees born in 1959.
- Purchase of an annuity contract with a portion of the employee’s individual account—rules of operation for aggregation option.
- Distributions from Designated Roth Accounts.
- Corrective distributions giving rise to a reduction or waiver of the section 4974 excise tax.
- Spousal election under Section 327

of SECURE 2.0 (i.e., distribution options for a surviving spouse when a participant in the plan dies before the required beginning date).

- Divorce after purchase of a qualifying longevity annuity contract.
- Outright distribution to a trust beneficiary.

Comments on the proposed rule were due to the IRS by September 17, 2024.

[View the proposed rule.](#)

Use of Forfeitures in Qualified Retirement Plans

On February 27, 2023, the IRS published in the Federal Register proposed regulations to provide rules relating to the use of forfeitures in qualified retirement plans, including a deadline for the use of forfeitures in defined contribution plans (no later than 12 months after the close of the plan year in which the forfeiture was incurred). The proposed regulation also clarifies that forfeitures arising in any defined contribution plan may be used to (i) pay plan administrative expenses, (ii) reduce employer contributions under the plan (including the restoration of inadvertent benefit overpayments and conditionally forfeited participant accounts that may otherwise require employer contributions), or (iii) increase benefits in other participants’ accounts. If finalized, the proposed regulations would apply for plan years beginning after January 1, 2024. However, taxpayers and plan administrators may rely on the proposed regulations prior to the applicability date.

Comments on the proposed rules were due to the IRS by May 30, 2023.

[View a copy of the proposed rule.](#)

IRS—Multiple Employer Plans

On March 28, 2022, the Department of the Treasury/IRS published in the Federal Register proposed regulations to provide relief from the application of the “unified plan rule” for Multiple Employer Plans in the event of a failure by one or more employers participating in the plan to satisfy the Code requirements applicable to such plans. The publication also withdraws an earlier proposed regulation published on July 3, 2019.

Comments on the proposed rule were due to the IRS by May 27, 2022.

[View a copy of the proposed rule.](#)

Treatment of Certain Nonfungible Tokens as Collectibles

On April 10, 2023, the Department of the Treasury/IRS released Notice 2023-27, announcing their intention to issue guidance related to the treatment of certain nonfungible tokens (NFTs) as collectibles under section 408(m) of the Code. Section 408(m) provides that the acquisition by an IRA of a collectible is treated as a distribution from the IRA equal to the cost to the IRA of the collectible. The Notice provides a description of the criteria that the IRS will utilize to make its determination whether an NFT constitutes a collectible.

The IRS sought comments generally on the treatment of NFTs as a section 408(m) collectible and factors that should be considered when making such a determination.

Comments on the Notice were due to the IRS by June 19, 2023.

[View a copy of Notice 2023-27.](#)



Regulatory (cont.)

IRS—Use of an Electronic Medium to Make Participant Elections and Spousal Consents

On December 30, 2022, the IRS published in the Federal Register a proposed rule relating to the use of an electronic medium for participant elections and spousal consents—providing an alternative to in-person witnessing of spousal consents required to be witnessed by a notary public or plan representative. The proposed rule would clarify that certain special rules for the use of an electronic medium for participant elections also apply to spousal consents.

Comments on the proposed rule were due to the IRS by March 30, 2023, and a public hearing on the proposal was held on April 11, 2023.

Prior to the applicability date of the final rules, taxpayers may rely on the rules as they are set forth in the rulemaking notice.

[View a copy of the proposed rule.](#)

Certain New Exceptions to the 10% Additional Tax on Early Distributions Under Code Section 72(t)

On June 7, 2024, the IRS published Notice 2024-55 to provide guidance, primarily in question-and-answer format, on the application of the exception to the 10% additional tax under Code Section 72(t) for emergency personal expense distributions and domestic abuse victim distributions. These new exceptions were added to Section 72(t) of the Code via enactment of SECURE 2.0, effective as of January 1, 2024.

Comments on the published guidance were due to the IRS by October 7, 2024.

[View a Copy of the Notice.](#)

SECURITIES AND EXCHANGE COMMISSION

Conflicts of Interest Associated with the Use of Predictive Data Analytics by Broker-Dealers and Investment Advisers

On August 9, 2023, the SEC published in the Federal Register proposed rules under the Securities and Exchange Act of 1934 and the Investment Advisers Act of 1940 to “eliminate, or neutralize the effect of, certain conflicts of interest associated with broker-dealers’ or investment advisers’ interactions with investors through...the use of technologies that optimize for, predict, guide, forecast, or direct investment-related behaviors or outcomes.” A recordkeeping requirement is also being proposed as a part of these conflicts’ rules. The proposed rules seek to address the accelerating adoption and use by broker-dealers and investment advisers of “predictive data analytics” and similar technology to the extent that such use places a firm’s interest ahead of an investor’s.

Comments on the proposed rule were due to the SEC by October 10, 2023.

[View a copy of the proposed rule.](#)



Miscellaneous

Simply for reference, below we provide updated inflation-adjusted amounts, applicable for the calendar year 2025, that pertain to social security benefits, retirement benefits, health savings accounts and the estate and gift tax exclusion amounts:

Social Security Benefits for 2025:

- Social Security and Supplemental Security Income beneficiaries:
 - 2.5% Cost of Living Adjustment for 2025.
- Taxable Wage Base:
 - \$176,100.
- Retirement Earnings Test Exempt Amounts:
 - Under full retirement age: \$23,400/year or \$1,950 per month.
 - \$1 in benefits withheld for every \$2 in earnings above the limit.
 - The year an individual reaches full retirement age: \$62,160/year or \$5,180 per month.
 - Applies only to earnings for months prior to attaining full retirement age.
 - \$1 in benefits withheld for every \$3 in earnings above the limit.
 - There is no earnings limit beginning the month an individual reaches full retirement age.

[View a copy of the 2025 Social Security Fact Sheet.](#)

Income Taxes and Social Security Benefits:

- Individual filers with combined income between \$25,00 and 34,000—may pay income tax on up to 50% of benefits.
 - If more than \$34,000—up to 85%.
- Joint filers with combined income between \$32,000 and \$44,000—may pay income tax on up to 50% of benefits.
 - More than \$44,000—up to 85%.
- *Combined income = adjusted gross income plus nontaxable interest plus ½ of social security benefits.*

[View a copy of the Social Security Income Tax Fact Sheet.](#)

Retirement Plan Limits

For quick reference, selected 2025 plan limits are as follows:

- Elective deferral (contribution limit) for 401(k), 403(b), 457 plans: **\$23,500.**
- Catch-up contribution limit for 401(k), 403(b), 457 plans: **\$7,500.**
- Annual contribution to traditional and Roth IRAs: **\$7,000.**
- Catch-up contribution limit for traditional and ROTH IRAs: **\$1,000 (is not indexed).**
- SIMPLE employee deferrals: **\$16,500.**
- SIMPLE catch-up limit: **\$3,500.**
- Simplified Employee Pensions (SEPs) minimum compensation threshold: **\$750.**
- SEP maximum compensation limit: **\$350,000.**
- Annual contribution limit: **\$70,000.**

- Annual total defined contribution plan contribution limit: **\$70,000**, (with individuals age 50 and older further allowed an additional **\$7,500** in catch-up contributions).
- Catch-up contribution limit for individuals age 60, 61, 62 and 63 participating in 401(k), 403(b) and governmental 457 plans: **\$11,250.**
- Annual Compensation limit for calculating contributions (401(k), 403(b), profit-sharing plans, etc): **\$350,000.**
- Limit on annual benefit provided through a defined benefit plan: **\$280,000.**
- Employee Stock Ownership Plan (“ESOP”) maximum account balance: **\$1,415,000.**

[View a copy of the Cost of Living Adjustments for 2025.](#)

Health Savings Accounts (Inflation Adjusted Amounts for 2024 and 2025)

For employees to be eligible to participate in a Health Savings Account, they must be enrolled in a High Deductible Health Plan (“HDHP”). For 2025, the limits for both HDHPs and HSAs are provided below:

- HSA contribution limit—self only:
 - **2025: \$4,300**
- HSA contribution limit—family:
 - **2025: \$8,550**
- HSA catch-up contribution limit (age 55+):
 - **2025: \$1,000**



Miscellaneous (cont.)

- The minimum HDHP deductible—self only:
 - **2025: \$1,650**
- The minimum HDHP deductible—family:
 - **2025: \$3,300**
- Annual out-of-pocket expenses are capped at—self only:
 - **2025: \$8,300**
- Annual out-of-pocket expenses are capped at—family:
 - **2025: \$16,600.**

[View the HSA inflation-adjusted amounts for 2025.](#)

Estate and Gift Tax Exclusion Amounts

For calendar year 2025, the estate and gift tax exemption amounts are:

- **\$13,990,000** per individual.
- **\$27,980,000** per couple.

The per recipient gift amounts (tax-free and without counting towards the taxpayer's lifetime gift/estate tax exemption amount) are:

- **\$19,000** per recipient.
- **\$38,000** per recipient for married couples.

[View the tax inflation adjustments for 2025.](#)

¹ H.R. 2024 is a mix of business and individual tax provisions that was negotiated between Senate Finance Committee Chair Wyden (D-OR) and House Ways and Means Chair Smith (R-MO), that would extend several changing business provisions (e.g., bonus depreciation phase-down) and individual provisions (e.g., child tax credit), that passed the House early in 2024, but failed to garner sufficient procedural votes to move forward in the Senate.

² [View a copy of the SECURE technical corrections draft.](#)

³ As with the other Resolutions that have been introduced regarding the amendments to the prohibited transaction rules, and discussed further herein, it would be highly unlikely for the President to sign, and not veto, a resolution that is sent to his/her desk that overturns a rule his/her Administration promulgated.

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