



Rethinking Your Retirement Strategies in 2024

AGENDA

- Contribution Increases For 2024
- Secure 2.0
 - Emergency Savings Accounts
 - Employer Match of Student Loan Payments
 - Long Term, Part-Time Employee Eligibility
- What to Consider
- Q&A

CONTRIBUTIONS



2024 IRS Annual Limits

IRS Contribution Limits - 2024			
Description	2024	2023	Change
Maximum Employee Contributions to Defined Contribution Plans	\$ 23,000.00	\$ 22,500.00	\$ 500.00
Annual Catch-up Contributions, Over 50	\$ 7,500.00	\$ 7,500.00	
Total Contribution Limit for DC plans (Employer + Employee)	\$ 69,000.00	\$ 66,000.00	\$ 3,000.00
SIMPLE IRA and SIMPLE 401(k) Contributions	\$ 16,000.00	\$ 15,500.00	\$ 500.00
Traditional and Roth Annual Contribution Limits *consider MAGI limits	\$ 7,000.00	\$ 6,500.00	\$ 500.00
IRA Catch-up Contributions, Over 50	\$ 1,000.00	\$ 1,000.00	
Defined Benefit Pension Plan Annual Benefit Limit	\$ 275,000.00	\$ 265,000.00	\$ 10,000.00
Health Savings Accounts (Individual)	\$ 4,150.00	\$ 3,850.00	\$ 300.00
Health Savings Accounts (Family)	\$ 8,300.00	\$ 7,750.00	\$ 550.00
Health Savings Accounts Catch-up, age 55 and over	\$ 1,000.00	\$ 1,000.00	
Flexible Spending Accounts	\$ 3,200.00	\$ 3,050.00	
Social Security Taxable Wage Base	\$ 168,600.00	\$ 160,200.00	\$ 8,400.00
Federal Estate and Gift Tax Exemption, Individual	TBD	\$ 12,920,000.00	
Annual Gift Exclusion	TBD	\$ 17,000.00	
Social Security COLA increase	3.20%	8.70%	-5.50%
Qualified Charitable Distribution	\$ 105,000.00	\$ 100,000.00	\$ 5,000.00

Age-Based Catch-Up Contributions

Pushed out to Jan. 1st, 2026 and beyond

- Age 50 or older; wages exceed \$145,000 in the previous calendar year, catch-up contributions required to be Roth (treated as after-tax contributions)
- **Starting January 1, 2025**, Second threshold for additional catch-up contributions ages 60-63
 - \$10k 401(k),403(b),457(b) \$5k SIMPLE IRA/401(k) indexed to inflation
- This is currently in addition to the standard 50 & older catch-up contributions
 - \$7.5k 401(k),403(b),457(b) \$3.5k SIMPLE IRA/401(k) (2024)
 - Catch-ups will be indexed to inflation starting in 2024 for calendar year 2025

Secure 2.0



Emergency Savings Accounts (ESA)

- Features:
 - Account funded through Roth salary deferrals
 - Plan must allow the participant to take a distribution at least once per month & the first four distributions per year are not subject to fees
 - Self-certified & amount distributed may exceed the need
 - Definition of emergency is subjective
- Limitations:
 - Total contributions may not exceed \$2,500
 - Plan may not require a minimum contribution amount or minimum account balance
 - Available only to non-highly compensated employees
 - Most be invested in principal-protected assets

ESA cont.

Plan Sponsor Considerations:

- Must match ESA at same rate as deferrals
- ESA contributions are included in the ADP test
- Once ESA balance reaches \$2,500, contributions must cease & future contributions must be directed to the participants retirement account as pre-tax or Roth (based on the participants elections)
- Must develop a process to ensure ESA contributions stop once account reaches \$2,500
- Additional notice requirements
- Plan may provide auto enroll at a rate not to exceed 3%
- Additional coordination between payroll provider & recordkeeper

ESA cont.

Participant Considerations:

- Contributions are made as Roth
- Contributions to an ESA are subject to the deferral limit
- First four distributions per year are not subject to fees, but additional distributions may be subject to reasonable fees
- Upon termination of employment, distributions from ESA are treated as eligible rollover distributions

ESA Guidance

- What type of rules plan sponsors may implement to prevent participants from contributing to an ESA, receiving the employer match and then withdrawing their contributions.
- Additional reporting requirements prescribed by the DOL

Employer Match of Student Loan Payments

- Features:
 - Participant must certify each year
 - Match rate must be the same for both student loan payments & deferrals
 - Vesting same for both student loan payments and deferrals
 - Match on a student loan payment may be on a different frequency than other matching contributions
 - A student loan payment is not considered an elective deferral; however, the match is taken into account on the ACP test.
 - Participants who receive a match on student loan payments may be tested separately.

Employer Match of Student Loan Payments

- Limitations:
 - Amount of the loan payment considered for match may not exceed the current elective deferral limit reduced by the amount of the actual elective deferrals made by the participant.
 - Matching contributions for student loan payments may only be made to participants who are eligible to receive a match
 - Only applies to qualified higher education expenses incurred while considered at least a half-time student.

Employer Match of Student Loan Payments

- Plan Sponsor Considerations
 - Plan sponsor must develop a process and establish a deadline (which cannot be earlier than three months after the close of the plan year) for participants to claim the match each year.
 - Plan sponsors must establish how frequent to match the loan payments.

Employer Match of Student Loan Payments

- Guidance:
 - Match that is calculated on a per payroll basis
 - Whether the match is limited to student loan debt incurred by the participant and not by the participant on behalf of their children.

Eligibility Requirements for Long-Term Part-Time Employees (LTPT)

Summary of LTPT provisions

	SECURE Act	SECURE 2.0	SECURE 2.0
Applies to	401(k) plans	401(k) plans	ERISA 403(b) plans
Service requirement	500-999 hours of service in three consecutive 12-month periods	500-999 hours of service in two consecutive 12-month periods	500-999 hours of service in two consecutive 12-month periods
Computation periods considered	Periods beginning on or after 1/1/2021	Periods beginning on or after 1/1/2021	Periods beginning on or after 1/1/2023
Earliest LTPT can defer if requirements met	Calendar year plan: 1/1/2024 Non-calendar year plan: Plan year beginning in 2023	Plan year beginning in 2025	Plan year beginning in 2025
Vesting determination (if applicable)	Pre-2021 service disregarded	Pre-2021 service disregarded	Pre-2023 service disregarded

What To Consider



Things to Consider

- Conduct a review of your plan with your advisor and TPA
- Ask if a PEP is right for you
- Cash Balance Plans

Q&A



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