

SECURE 2.0 and Student Loan Matching

Aviben Overview

What is Aviben?

- Aviben is a third-party administrator of employer benefits that specializes in working with public employers.
- Locally owned and operated since 2005
- Previously known as EBC

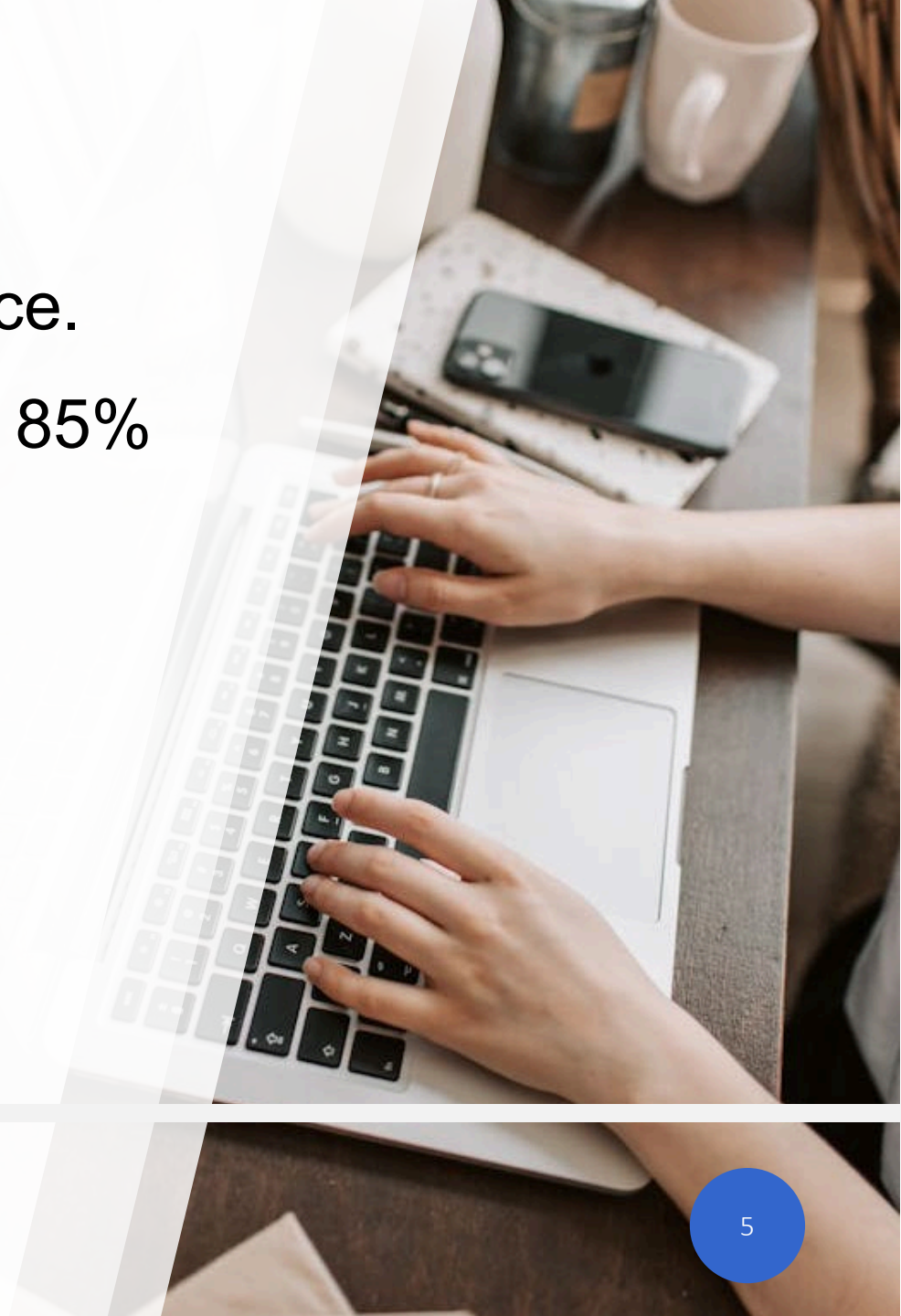


Aviben's TPA Services

- 403(b) plan administration
- Health reimbursement arrangements
- Section 125 cafeteria plans
- Other: HSAs, COBRA, and ACA compliance

403(b) Administration

- ACS is Aviben's 403(b) administration service.
- ACS is utilized by 300 employers (including 85% of MN school districts) covering 45,000 participants.



SECURE 2.0

Overview of SECURE 2.0

- The SECURE 2.0 Act of 2022 builds on the SECURE Act of 2019 with dozens of new retirement-related provisions.
- Your plan administrator is administering these provisions within 403(b) plans.
- Employers should be aware of how these provisions and how they will impact their employee.
- Certain provisions are optional and can be “turned on or off”

Aviben's Letter and Checklist

- SECURE 2.0 403(b) plan amendments for school districts are not due until 2029, but it is a best practice for employers to document their intentions with respect to certain SECURE 2.0 provisions.
- Aviben has provided a checklist to employers and allows them to memorialize their 2.0 options.
- The checklist provides a helpful overview of key SECURE 2.0 provisions impacting clients.

Roth Elective Deferrals

ROTH ELECTIVE DEFERRALS

- *Default.* Add Roth elective deferrals if they are not currently available in the plan.
- *Reject Default _____* (initial). Do not add Roth elective deferrals. Note that as of January 1, 2026, catch-up contributions will require the Roth option.

Aviben Insight

Purpose: Provide participants the Roth option with respect to employee contributions.

Specifics: SECURE 2.0 provides that beginning January 1, 2026, all catch-up contributions of participants with compensation of at least \$145,000 in the prior year must be treated as Roth contributions. A plan will need to accommodate Roth elective deferrals by this date to comply.

Student Loan Match

STUDENT LOAN MATCH

- *Default.* Do not add the student loan match.
- *Reject Default* _____ (initial). Add the student loan match.
- *Interested* _____ (initial). Contact me to discuss this option. Aviben recommends that employers consider the recruitment and retention benefits of adding the student loan match to their plans.

Aviben Insight

Purpose: Help participants increase their retirement savings while they pay their student loans.

Specifics: Under SECURE 2.0, employers are permitted to provide matching employer contributions based on employees' qualified student loan payments. Aviben offers an industry-leading student loan match solution that encompasses employee certifications and payroll deduction. Details are available in Aviben's [SECURE 2.0 Student Loan Match White Paper](#).

Age 60-63 Catch-Up Contributions

CONTRIBUTIONS

“Super” Catch-Up Contributions for Participants Ages 60-63

- *Default.* Permit increased age 60-63 participant catch-up contributions.
- *Reject Default* _____ (initial). Do not permit increased age 60-63 participant catch-up contributions.

Aviben Insight

Purpose: Provide participants nearing retirement age the opportunity to increase their contributions.

Specifics: Effective January 1, 2025, SECURE 2.0 increases the catch-up contribution limit for participants ages 60-63 to 150% of the age 50+ catch-up limit. In 2025, the catch-up limit for this age group increases from \$7,500 to \$11,250.

Employer Roth Contributions

CONTRIBUTIONS

Treatment of Employer Contributions as Roth Contributions

- *Default.* Do not permit employer contributions to be treated as Roth contributions.
- *Reject Default* _____ (initial). Permit employer contributions to be treated as Roth contributions.

Aviben Insight

Purpose: Expand the Roth option to employer contributions.

Specifics: Under SECURE 2.0, plans are permitted to provide participants the option of receiving employer contributions on a Roth basis. Questions remain regarding implementation and reporting.

Qualified Birth & Adoption Distributions (QBADs)

DISTRIBUTIONS, WITHDRAWALS, AND LOANS

Qualified Birth and Adoption Distributions

- *Default.* Permit qualified birth and adoption distributions.
- *Reject Default* _____ (initial). Do not permit qualified birth and adoption distributions.

Aviben Insight

Purpose: Provide participants access to resources needed in connection with a birth or adoption.

Specifics: The SECURE Act of 2019 permits penalty-free distributions of up to \$5,000 per child per parent within one year of the birth or adoption of a child. Distributions are taxable but exempt from the 10% early withdrawal penalty. There is a three-year optional repayment window.

Terminal Illness Distributions

DISTRIBUTIONS, WITHDRAWALS, AND LOANS

Terminal Illness Distributions

- *Default.* Permit terminal illness distributions.
- *Reject Default* _____ (initial). Do not permit terminal illness distributions.

Aviben Insight

Purpose: Provide participants with a terminal illness access to resources needed in connection with their illness.

Specifics: SECURE 2.0 permits penalty-free distributions of any amount to terminally ill participants (those for whom a physician has certified that death is expected within 84 months). Distributions are taxable but exempt from the 10% early withdrawal penalty. This is currently not a separate “distributable event,” so a participant must qualify for another type of distribution permitted under the plan (e.g., age 59 ½, hardship, disability, etc.). There is a three-year optional repayment window.

Domestic Abuse Distributions

DISTRIBUTIONS, WITHDRAWALS, AND LOANS

Domestic Abuse Distributions

- *Default.* Permit domestic abuse distributions.
- *Reject Default* _____ (initial). Do not permit domestic abuse distributions.

Purpose: Provide domestic abuse victims access to resources needed to escape unsafe situations.

Specifics: SECURE 2.0 permits penalty-free distributions to domestic abuse victims of up to the lesser of \$10,000 (indexed for inflation) or 50% of the account balance. Distributions are taxable but exempt from the 10% early withdrawal penalty. The distribution must occur within one year of the abuse, and there is a three-year optional repayment window. The participant may self-certify using Aviben's [Domestic Abuse and Disaster Self-Certification Form](#).

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Qualified Disaster Distributions

DISTRIBUTIONS, WITHDRAWALS, AND LOANS

Qualified Disaster Distributions

- *Default.* Permit qualified disaster distributions.
- *Reject Default* _____ (initial). Do not permit qualified disaster distributions.

Purpose: Provide individuals affected by a federally-declared disaster access to resources needed in connection with the disaster.

Specifics: SECURE 2.0 permits penalty-free distributions of up to \$22,000 to participants whose principal residence is in a federally-declared disaster area and who experience economic loss as a result of the disaster. Distributions are taxable but exempt from the 10% early withdrawal penalty. The distribution must occur within 180 days of the later of the beginning of the disaster incident period or the date of the disaster declaration, and there is a three-year optional repayment window. The participant may self-certify that the participant qualifies using Aviben's [Domestic Abuse and Disaster Self-Certification Form](#).

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Qualified Disaster Loans

DISTRIBUTIONS, WITHDRAWALS, AND LOANS

Qualified Disaster Loans

- *Default.* Permit qualified disaster loans.
- *Reject Default* _____ (initial). Do not permit qualified disaster loans.

Aviben Insight

Purpose: Provide individuals affected by a federally-declared disaster access to resources needed in connection with the disaster.

Specifics: SECURE 2.0 permits participants whose principal residence is in a federally-declared disaster area and who experience economic loss as a result of the disaster to request a loan of up to \$100,000 with an extended repayment period. The participant may self-certify that the participant is a qualified individual using Aviben's [Domestic Abuse and Qualified Disaster Self-Certification Form](#).

Emergency Expense Withdrawal

DISTRIBUTIONS, WITHDRAWALS, AND LOANS

Emergency Expense Withdrawal

- *Default.* Do not permit emergency expense withdrawals.
- *Reject Default* _____ (initial). Permit emergency expense withdrawals.

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Purpose: Provide participants access to resources needed in connection with emergency expenses.

Specifics: SECURE 2.0 permits one penalty-free withdrawal of up to \$1,000 per calendar year for unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses (which may be self-certified by the participant). Withdrawals are taxable but exempt from the 10% early withdrawal penalty. There is a three-year optional repayment window, and the participant is not permitted to take additional emergency expense withdrawals unless the original withdrawal is repaid or the participant makes additional contributions to their account equal to the amount of the withdrawal.

Given the IRS's broad definition of "unforeseeable or immediate financial needs," employers have expressed concern that this provision would allow participants to make contributions solely to qualify for the employer's match and then withdraw up to \$1,000 from the account each year. Questions also exist regarding the ability to verify repayments made directly to the investment provider.

Linked Emergency Savings Accounts

OTHER

Linked Emergency Savings Accounts

- *Default.* Do not offer linked emergency savings accounts.
- *Reject Default* _____ (initial). Offer linked emergency savings accounts.

Purpose: Help participants save for emergencies.

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Specifics: Effective January 1, 2025, employers may offer non-highly compensated employees an emergency savings account linked to their retirement plan. Many questions remain about the fiduciary and administrative burdens associated with these accounts.

Automatic Provisions

AUTOMATIC PROVISIONS

The following provisions will apply automatically based on the description below. The timing of implementation will vary.



Although Aviben accommodates self-certification and provides participants a [Hardship Self-Certification Form](#), hardship distributions will be made pursuant to the relevant investment provider's hardship policy.



Increase RMD age from age 72 to age 73 effective January 1, 2023. All amendments relating to RMDs will be automatic, including the IRS final regulations when issued.



All catch-up contributions for employees with compensation of at least \$145,000 in the prior year (indexed for inflation) will be subject to Roth tax treatment effective January 1, 2026.

Aviben's SECURE 2.0 Student Loan Match Service

SECURE 2.0 Student Loan Matches

- Prior guidance established that employers could only make matching contributions to a defined contribution plan based on the employee's own contributions to the plan.
- But many employees are unable to contribute because of their student loan obligations.
- Under SECURE 2.0, an employer is now able to treat qualified student loan payments ("QSLPs") as employee contributions for matching purposes.

Matches Under SECURE 2.0

- “Technically speaking, the QSLPs are treated as ‘deemed’ elective deferrals.”

Student Loan Match Details

- Qualifying loans include those incurred on behalf of the employee or his or her spouse or dependents.
- An employer providing the student loan match must apply the same match rate and make it available to the same employees as matches based on elective deferrals.
- But the timing of matching contributions based on student loans may differ from those based on elective deferrals.



Potential Models

SECURE 2.0 does not require employee documentation substantiating the payments but permits the employee to “certify” the payments via two models:

- Affirmative Certification: The employee completes a form (likely on an annual basis) certifying the qualifying student loan payments that were made.
- Payroll Deduction: Student loan payments are processed as payroll deductions (similar to how 403(b) contributions are processed) with a contemporaneous match.

Affirmative Certification Model

The employee completes a form (likely on an annual basis) certifying the QSLPs.

- Employer has the option of requiring the employee to “register” so that the employer can anticipate the amount it will be obligated to match at year-end.
- Employer has option of requiring documentation.

Payroll Deduction Model

Employee registers the student loan and authorizes employer to withhold student loan payments from pay and make payments on employee's behalf

Employer withholds the loan payments, remits the funds directly to the student loan servicer, and provides an ongoing retirement plan match for each payment

Aviben's Solution

Aviben offers two affirmative certification options:

- Aviben provides certification forms and employers process internally
- Employees submit certifications on Aviben's website

Aviben also has the capability to provide payroll deduction matching, which employers with larger participant volumes may want to consider.



403(b) Plan Document and Restatement Requirement



Original IRS approved plan document requirement completed by 12/31/2019



Must be restated with a new IRS approved plan document every 5 years



Two-year extension provided to accommodate covid related items



Restated IRS approved plan document restated and signed before 12/31/2026

Questions?

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