Potential Legislation Affecting 401(k) Plan Sponsors & Participants*

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Proposed Legislation	Intent	Key Changes	Implications
Automatic Retirement Plan Proposal within the Build Back Better Act	Help close the retirement savings gap by making saving for retirement automatic	Requires all employers with at least six employees to maintain an employee-sponsored retirement savings plan by 2023	This will mean hundreds of thousands of companies will become new plan sponsors. Generally, smaller companies have less expertise when it comes to retirement plan administration, so they will need turnkey solutions and guidance from advisors
		Enacts automatic enrollment of employees in savings plans at 6% of salary	Automatic enrollment can be tough on plan sponsors, especially those with high turnover. But it can also be a plus because it increases participation and deferral rates. Typically this means better compliance testing results, and can translate to high earners being able to contribute more to the plan
		Replaces current Saver's Credit with government match up to $1,000 per year	Should encourage more employees to participate in the plan, which could also increase enrollment
Securing a Strong Retirement Act of 2021 (aka SECURE 2.0)	To make it even easier for small businesses to start and maintain retirement savings plans	Increases the small employer pension plan start-up credit to cover 100% of the cost to implement a 401(k) plan for the first three years	Would make sponsoring a retirement plan more cost effective than ever for business owners
		Creates a new credit that offsets up to $1,000 of employer contributions for each participating employee	Will likely increase employer contributions — a big win for plan participants. Could also be a win for plan sponsors as it could increase participation and deferral rates
		Revises part-time and long-term worker definition	Broadens the scope of who must be covered in a retirement savings plan. Could be a bit of an administrative burden to the plan sponsor, and will likely increase plan costs for companies with long-term part-time employees
		Creates “lost and found” program for orphaned plan balances	Makes it easier for plan sponsors to deal with former employees with a balance in the plan
Retirement Security & Savings Act	This wide-ranging bill includes more than 50 provisions designed to strengthen Americans' retirement security	Provides a new incentive for employers to offer a more generous automatic enrollment plan and receive a safe harbor from costly retirement plan rules.	Will impact certain employers where employees have low awareness. For example, this will be an opt-out scenario, so some employees won't realize it's happening (despite required notices) until they have 6% taken from their paycheck.
		Increases the catch-up contribution limits from $6,000 to $10,000 for individuals over age 60	Older participants get a terrific opportunity to “catch up” with higher limits
		Allows employers to make a matching contribution to an employee's retirement account based on their student loan payment.	Helps employees who are struggling to save for retirement and pay off student loan debt — a big plus for companies with young workforces
		Establishes a new three-year, $500 per-year tax credit for small businesses that automatically re-enroll plan participants at least once every three years	Creates an administrative burden for plan sponsors, but the effort would be offset by the tax credit
		Increases the age for required minimum distributions (RMD) from age 72 to age 75 by 2032	Increased RMD flexibility is a win, and will particularly resonate with older savers

*This information is subject to change and is current as of December 2021.

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Contact a Fisher Retirement Plan Specialist for guidance on how the potential legislative changes may affect your company's 401(k) plan.

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