

Publications

Year-End Appropriations Bill Brings Big Changes for Qualified Plan Sponsors

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PUBLISHED

03/01/2020

SOURCE

Taxes - The Tax Magazine

SERVICES

[Retirement Services](#)

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On December 20, 2019, the President signed into law the Further Consolidated Appropriations Act of 2020 (the “Act”), which notably contains the provisions from the Setting Every Community Up for Retirement Enhancement Act of 2019 (the “SECURE Act,” H.R. 1994). The SECURE Act includes a number of provisions designed to encourage the adoption of employer-sponsored plans and lifetime income options, expand coverage of plans, facilitate the use of certain safe harbor 401(k) plans, expand plan distribution rules, and provide long-anticipated nondiscrimination, coverage, and minimum participation for certain types of defined benefit plans. Many of these provisions have been in the works for over 10 years.

A summary of the Internal Revenue Code changes is set forth in this article, followed by changes required under ERISA (Employee Retirement Income Security Act of 1974, as amended). Many of these changes are mandatory and apply in 2020, so plan sponsors for both defined contribution (DC) and defined benefit (DB) plans and their service providers should coordinate their efforts to ensure compliance.

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