

SECURE 2.0 in isolved

isolved Network



isolved and SECURE 2.0

This deck shows some ways to use the current tools in isolved to meet provisions of the SECURE 2.0 ACT and get an inside look at the upcoming plans for the deferred compensation product.



Deferred Comp 2.0

Not just for SECURE 2.0!

We have BIG plans on the horizon!

We are redesigning our Deferred Comp module and will bake in SECURE 2.0 into a modern and enhanced experience.

Incorporate these SECURE 2.0 provisions:

- Roth ER contributions
- LTPT workers
- Additional catch-up
- Increased deferral limits
- Auto escalations



What do I do NOW!

Until Deferred Comp 2.0?



Roth Employer Contributions

Provision Summary



Section 604 of the SECURE 2.0 Act gives participants the option to have the employer contributions be on a Roth basis, instead of pre-tax, for defined contribution plans.

Note: Matching contributions designated as Roth contributions must be 100% vested when made.

In isolved's Current System

At this point in time, there is not a workaround in the system to accommodate the Roth Matching contributions. However, this provision is one of the highest priorities for isolved to implement a working solution.

Roth Catch-Up Contributions

Provision Summary



Section 603 of the SECURE 2.0 Act requires all catch up contributions by any participant, who is 50 years or older and making more than \$145,000 annually (in the prior calendar year), must be subject to Roth tax treatment.

In isolved's Current System

1. Create a Report Writer report to identify any employees who meet the criteria of 50+ years old and earned wages over \$145,000 during prior calendar year.
2. Setup Roth deduction and include in deferred comp plan.
3. At this time, employees meeting these requirements will need to be monitored once they reach their limit and manually update their contribution to a Roth percent/amount for their catch-up deductions.

Eligible LTPT Workers

Provision Summary



Section 125 of the SECURE 2.0 Act allows long-term, part-time workers to participate in 401k plans so long as they complete at least 500 hours of service each year for 2 consecutive years and be 21 or older, OR complete 1,000 hours of service in 1 year and be 21 or older.

Note: Employer matching, safe harbor contributions, and profit-sharing contributions are not required but are allowed.

In Isolved Current System

If using Isolved Time & Attendance and Benefits:

1. Create a deferred comp plan and set the age rule to 21 and add the 1,000 hours worked rule for the year.
2. Identify employees who meet the 500 hours of service rule by running the "Hours Detail Export" client report and set the date range for the past 2 years, or create a report in the Report Writer with a "Time & Attendance" report type. Verify the employees who are shown on the report meet the plan eligibility and participation requirements.
3. Create an eligibility rule for these LTPT employees.
4. Add the eligibility rule to the deferred comp plan.

Note: Matching eligibility rules can be created and tied to the plan in the "Match Eligibility" tab if the LTPT workers should not receive matching.

Eligible LTPT Workers- Screenshots

PlansOptionsParticipation RequirementsPlan EligibilityEE Contribution Plan MatchesEligible Wage Plan MatchesMatch Eligibility

EditRefreshSaveCancel

Each Plan Participation rule on this tab is optional. If any rules are defined, the employee must meet the requirement for each rule.
NOTE: The rules on the Plan Eligibility tab are applied first and then the rules on this tab are applied.

Days of Service Rule

EE Contribution after Days of Service

ER Match after Days of Service

Length of Service Date:

Age Rule

Employee Must Be 21.00 Years

Hours Worked Rule

All employees will be credited hours worked based on the Hours Worked Rule defined. If there is an Equivalency Hours Rule defined, eligible employees will be credited hours worked based on the selected Equivalency Period. Hours are credited in the following order:
1. If there is an Equivalency Period selected, equivalency hours will be credited to eligible employees
2. If there is no Equivalency Period selected, or employees aren't eligible for the Equivalency Period, they will be credited Actual hours from all checks. If an employee is paid dollars only, they will be credited with their Normal Hours (from their Salary record).

Hours Worked Requirement: 1000

* Hours Worked Accumulator: Hours Worked

Client Reports

Report Category: All

Search: Hours Detail ExportFilter

Output Name	Report Type
Custom Hours Detail Export	Date Range
Hours Detail Export	Date Range
Hours Detail Export	By Payroll Run
Hours Detail Export with Labor Description	By Payroll Run
Meckler Bulger - Hours Detail Export	Date Range

Generate ReportGo To My Reports Queue

Once your report request has been submitted you can do any of the following: Run another report will be available in My Reports Queue for 72 hours.

Hours Detail Export

Filtering

From Date: 10/4/2020

To Date: 10/4/2023

Legal Company: EmilyC2023 - Emily C University Training Inc. 2023

Pay Groups:

isolvedNetwork

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Catch-Up Contributions

Provision Summary



Section 109 of the SECURE 2.0 Act increases the catch-up limit for participants who are 60, 61, 62 or 63 years old to the greater of \$10,000 or 50% more than the regular catch-up amount.

In isolved's Current System

Due to the catch-up age being hard coded to 50 in the system, there isn't a workaround to set up the additional catch-up for participants who are 60 to 63 years old. However, this provision is one of the highest priorities for isolved to implement a working solution.

Deferral Limit

Provision Summary



Section 117 of the SECURE 2.0 Act increases the deferral limits for SIMPLE IRA and SIMPLE401k plans.

For employers with 25 or less employees, Section 117 increases the annual deferral limit and catch-up contributions, for participants 50 or older, by 10%.

For employers with 26 to 100 employees, Section 117 allows them to apply the higher deferral limit if they increase their employer contribution match from 3% to 4% for elective contributions, and a 3% instead of 2% for nonelective contributions. **This provision is for SIMPLE IRA and 401k plans.**

In isolved's Current System

Separate Benefit Types should be set up at the system level to designate the deferral and catch-up limits for SIMPLE plans.

Starter Plans

Provision Summary



Section 121 of the SECURE 2.0 Act permits an employer that does not sponsor a retirement plan to offer a **Starter 401k plan** (or Safe Harbor 403b plan)

A Starter 401k plan or Safe Harbor 403b plan would generally require all employees to be auto enrolled with a 3-15% of compensation deferral rate. The annual deferrals limits are the same as the IRA contribution limit, which is \$7,000 and, for participants 50 or older, an additional \$1,000 for catch-up.

In isolved's Current System

Separate Benefit Types should be set up at the system level to designate the deferral and catch-up limits for Starter 401k or Safe Harbor 403b plans.

If using isolved Benefits, check the auto-enroll checkbox in the deferred comp plan setup and set the auto-enroll amount in the deduction setup.

Auto Enroll Setup- Screenshots

Plans Options Participation Requirements Plan Eligibility EE Contribution Plan M

Edit Refresh Save Cancel

Plan Options

☐ Beneficiary Required

☐ Beneficiary Allowed Not Required

☒ Auto Enroll All Employees

☐ Allow Beneficiary Updates

☐ Allow Plan Updates

Attach Company Message

Message:

Client Deductions Calculation Parameters Dollars Limit Payees

Save Cancel

Variable Name: Percent

* Display Title: Percent

☒ Allow Employee Value

☒ Fixed Value

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☐ Reference Field

Default Value Rule:

Auto Enrolling and Auto Escalation

Provision Summary



Section 101 of the SECURE 2.0 Act requires auto enrolling eligible participants to contribute between 3-10%, and each subsequent year auto escalating the contribution by 1% until it reaches at least 10% but no more than 15%.

Note: Employees may opt out of coverage

Note: There is an exception for small businesses with 10 or fewer employees, new businesses, church plans, and governmental plans.

In isolved's Current System

To auto-enroll employees, check the auto-enroll checkbox in the deferred comp plan setup and set the auto-enroll amount in the deduction setup.

At this time, the escalating contribution percentage will need to be monitored manually and increased manually in the employee record.

Thank You

