



## Legally Brief-FACT SHEET:

### The Secure Act 2.0: What Does That Mean for Survivors?

**Background:** President Joe Biden signed into law SECURE 2.0 Act of 2022 which is intended to enhance the American retirement system by making it easier for Americans to participate in (and benefit from) their employer’s retirement plan and easier for employers to administer those plans.

#### Three Key Provisions that May Impact Program Professionals and the Survivors they Serve:

- **Emergency Funds for Victims of Domestic Violence.** SECURE 2.0 permits penalty-free withdrawals of small amounts (up to \$10,000 or ½ of the vested account balance – whichever is smaller) for participants who need the funds in cases of domestic abuse. Employers will allow domestic violence victims to self-certify their abuse. This will allow much quicker access to funds to allow victims to relocate to a safer space as fast as possible.
- **Other “Emergency Withdrawals.”** SECURE 2.0 allows penalty-free distributions for “unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses” up to \$1,000. Only one distribution would be permitted every three years, or one per year if the distribution is repaid within three years.
  - *According to the Federal Reserve Bank, almost 50% of Americans would struggle to meet an unexpected bill of at least \$400 due to a lack of emergency savings. 60% of these people tap into their 401(k) for emergency funding while only 9% of Americans with an emergency savings cache sufficient to meet one-month’s living expenses do so. This provision will help Americans face these emergency situations without jeopardizing their long-term retirement savings.*
- **Matching of Student Loan Repayments.** Effective for plan years beginning after December 31, 2023, employers have the option to match student loan repayments as if the student loan repayments were deferrals.
  - *This allows lower earning college graduates entering the workforce to service their student loan debts and not miss out on employer matching contributions because they had to choose between making their monthly student loan payment or deferring into their 401(k) plan.*

For more information or with questions, please contact ICADV Legal Counsel Kerry Hyatt Bennett at [kbennett@icadvinc.org](mailto:kbennett@icadvinc.org)