

## SECURE 2.0 Act: What's new in 2025

The SECURE 2.0 Act continues to reshape retirement savings in 2025, making it easier for workers to build their nest eggs. Building on the original SECURE Act of 2019, and the follow-up legislation of SECURE 2.0 in 2022, in 2025, several key provisions will take effect that could expand access to employer-sponsored retirement plans for more workers as well as allow workers who are ages 60-63 to contribute more.

Here's what you need to know.

### Bigger catch-up contributions for ages 60, 61, 62, and 63

Starting in 2025, individuals aged 60 to 63 can supercharge their retirement savings with higher catch-up contributions. Participants in 401(k) and similar defined contribution plans can contribute the greater of \$10,000 or 150% of the standard catch-up amount in place for 2025. Since the 2025 catch-up for those 50 and older is \$7,500, those aged 60-63 can contribute an extra \$11,250.

For SIMPLE IRA participants, the current \$3,500 catch-up rises to \$5,250 for those in the 60-63 age bracket. Some SIMPLE plans may allow even higher contributions, depending on plan design.

Note, to make the higher catch-up contribution for a particular year, the individual must attain age 60, 61, 62, or 63 by the end of the year. Age 59, and have a birthday later this year? - You are eligible for the higher catch-up contribution.

Additionally, beginning in 2024, SIMPLE plans for businesses with 25 or fewer employees offer a 10% increase in both allowable employee deferrals and catch-ups. Larger plans can adopt the higher limits if they increase matching contributions (from 3% to 4%) or non-elective contributions (from 2% to 3%).

### Mandatory auto-enrollment for new plans

To encourage retirement saving, SECURE 2.0 mandates automatic enrollment for most new

workplace retirement plans established after December 29, 2022. Employees will be automatically enrolled unless they opt out.

Exceptions include:

- Plans established before the SECURE 2.0 effective date (December 29, 2022)
- Employers with 10 or fewer employees
- Businesses operating for less than three years
- Certain church, governmental, and SIMPLE plans

To ease the burden, employers who add auto-enrollment can claim a \$500 annual tax credit for three years.

### Easier access for part-time workers

SECURE 2.0 further reduces barriers for part-time employees to participate in retirement plans. Under the original SECURE Act, 401(k) plans had to include part-time employees who worked at least 500 hours per year for three consecutive years. In 2025, that requirement shortens to just two years.

While plan sponsors (employers) can adopt more generous eligibility rules, they must meet this minimum standard, ensuring more part-time workers gain access to retirement savings opportunities.

### Now is a good time to review your retirement planning

With these changes on the horizon, it's an excellent time for both workers and employers to review their retirement plans. Individuals aged 60 to 63 should assess whether increasing contributions aligns with their savings goals. Employers should prepare for the auto-enrollment mandate and consider how the expanded eligibility for part-time workers affects plan administration.

Proactive planning can ensure you're maximizing the benefits of SECURE 2.0 in 2025.

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BRAINTREE, MA | WAKEFIELD, MA | PARK RIDGE, NJ | NEWPORT, RI

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