

What Changed Under SECURE Act 2.0?

<p><i>Before</i></p>	<ul style="list-style-type: none"> • Under the original SECURE Act (2019), employers were required to allow long-term, part-time employees to participate in 401(k) plans if they worked at least 500 hours per year for three consecutive years.
<p><i>Now</i></p>	<ul style="list-style-type: none"> • SECURE Act 2.0 reduced this requirement to two consecutive years, allowing part-time employees to qualify sooner. • These rules became effective for plan years beginning in 2025, and long-term, part-time employees are now actively becoming eligible and entering employer-sponsored retirement plans.

Who Qualifies as a Long-Term, Part-Time Employee?

A long-term, part-time employee is someone who:

- ✓ Has worked at least 500 hours per year for two consecutive years
- ✓ Is at least 21 years old (unless the plan allows earlier entry)
- ✓ Is not already covered under other full-time eligibility rules

How Does This Impact Employers?

Employers with 401(k) plans must:

- ✓ Track part-time employee hours accurately to determine eligibility
- ✓ Administer LTPT participation properly as employees become eligible
- ✓ Ensure plan documents are updated and compliant
- ✓ Prepare for additional plan participants
 - This may affect administrative costs and nondiscrimination testing
- ✓ Coordinate with recordkeepers and TPAs to ensure proper implementation



Note: Employers are not required to provide employer contributions (match or profit sharing) to LTPT employees, but once eligible, these employees must be allowed to make elective deferrals.

How Can Asset Strategy Can Help?

At Asset Strategy, we specialize in helping businesses navigate regulatory changes and ensure their retirement plans are compliant, efficient, and beneficial for both employers and employees.

- **Plan Design & Compliance:** We help you implement SECURE Act 2.0 changes while maintaining cost-effectiveness
- **Employee Education & Engagement:** We assist in educating part-time employees about their new retirement savings opportunities
- **Administrative Support:** From tracking eligibility to coordinating with providers, we help ensure smooth implementation

***Want to ensure your retirement plan is
SECURE Act 2.0 compliant?***

Asset Strategy is here to help.

***Let's discuss how to structure your plan
efficiently and support your employees'
retirement readiness.***

The information presented here is for informational purposes only, is not to be interpreted as investment, legal, or tax advice, and does not indicate suitability for any particular investor. Please consult the appropriate professional regarding your unique circumstances.

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