

The SECURE Act Guide

An overview of the provisions,
key details and potential next steps



Using this Guide

At the end of 2019, Congress made significant changes to long-held rules in its effort to expand access to workplace plans and retirement savings, including the Setting Every Community Up for Retirement Enhancement (SECURE) Act. As the first major retirement law in nearly 13 years, there's a lot to digest.

This Guide focuses on the key provisions relevant to workplace retirement plans. Use the details in this Guide to help prepare for the changes affecting your plan.

The Guide is divided into the following categories:

- Plan Design
- Employee Eligibility and Enrollment
- Distributions and Withdrawals
- Investment Options
- Other Provisions

As an Advisor, whether your business is focused on providing wealth management strategies or it's something you're exploring, the SECURE Act gives you opportunities to extend the help you provide your clients.

Tax credits, limit increases, and widening the pool of those who can save for the future mean you have new ways to enhance the services you provide.

Important note

In many cases, additional regulatory guidance is required to clarify these changes. Fidelity has been working closely with various industry groups to share our interpretations and questions with regulators, while representing the needs of our plan sponsors and participants. Fidelity will provide updates as regulatory guidance that may impact your plan is issued.

Fidelity does not provide legal or tax advice. As always, plan sponsors should discuss any potential plan design changes with their tax advisors, and encourage employees to consult with their tax advisors on how these changes may impact them.



Understanding the new requirements and your next steps to consider

Plan Design

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Deadline to amend plan document	<p>Plan amendments generally must be adopted by the last day of the plan year that begins in 2022, (December 31, 2022 for plans with a calendar year-end).</p> <p>For governmental plans and certain collectively bargained plans, amendments must be adopted the last day of the plan year that begins in 2024 (December 31, 2024, for plans with a calendar year-end).</p> <p>Amendments may be retroactive to reflect prior changes to plan operations.</p>	All impacted plans listed in this Guide.	✓	Generally, plan years beginning after December 31, 2019	<p>Consult with your legal counsel to determine if your plan document(s) must be amended.</p> <p>If you use one of Fidelity's preapproved 401(a) or 403(b) plan documents, the deadlines are the same, but Fidelity will proactively contact you regarding mandatory changes to your plan document.</p>
Availability of multiple employer plans (MEPs)	Allows two or more unrelated employers to participate in an open MEP, which is considered a single plan under the Internal Revenue Code and ERISA.	Defined contribution plans	✗	Plan years beginning after December 31, 2020	This change will make it easier for small businesses to band together to offer a retirement savings plan. Fidelity is in the early stages of developing a MEP product.
Deadline to adopt a new plan	Permits plan adoption after the close of a taxable year, if adopted before the sponsor's tax return filing deadline (including extensions).	401(a) pension and profit-sharing plans	✗	Plans adopted for taxable years beginning after December 31, 2019	If you are considering adopting a new pension or profit-sharing plan, this provision may provide more time to deduct contributions to the plan for the prior taxable year. Consult with your tax advisor.
Ability to add a safe harbor nonelective contribution in mid-year or after plan year -end	<p>A 401(k) or 403(b) plan may be amended to add a safe harbor nonelective contribution of:</p> <ul style="list-style-type: none"> • 3% of participant compensation if the amendment is adopted before the 30th day before the last day of the current plan year, or • 4% of participant compensation if the amendment is adopted before the last day for distributing excess contributions for the plan year. 	<ul style="list-style-type: none"> • 401(k) plans • 403(b) plans <p><i>Plans which provide for certain safe harbor matching contributions are not eligible for this amendment.</i></p>	✗	Plan years beginning after December 31, 2019	Consult with your tax advisor to determine whether you may want to take advantage of this opportunity.

Plan Design (cont.)

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Small-employer tax credits for adopting a qualified retirement plan, a Simplified Employee Pension (SEP) or SIMPLE IRA plan	<p>Increases the tax credit available to eligible small employers (with generally up to 100 employees) to 50% of the cost to set up and administer a new plan and educate employees about the plan.</p> <p>The tax credit amount is increased to up to \$5,000 for each of the first three years, and, if the plan includes automatic enrollment, a general business tax credit of up to \$500 may be available.</p>	<ul style="list-style-type: none"> • 401(k) plans • 401(a) pension plans • SEP plans • SIMPLE Plans 		Taxable years beginning after December 31, 2019	Since each plan and tax situation is different, you should consult with your tax advisor for suggestions on how to take advantage of any potential tax credits.
Distribution of custodial accounts after 403(b) plan termination	Permits in-kind distributions to participants of 403(b)(7) custodial accounts upon plan termination, which is consistent with the ability to distribute 403(b)(1) annuity contracts upon plan termination.	403(b)(7) plans		Retroactively effective for taxable years beginning after December 31, 2008	The Treasury Department is directed to issue regulations regarding this provision within 6 months. You should defer any decisions until additional guidance is released.
Definition of eligible employee for church plans	Clarifies that employees of church-controlled organizations are included in the type of employees who are eligible to participate in retirement income accounts.	403(b)(9) retirement income accounts		Retroactive to 1974	Determine with your legal counsel whether this change impacts your plan documents or adds a new group of potentially eligible employees.

Employee Eligibility and Enrollment

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Participation by long-term part-time employees in 401(k) plans	<p>Requires eligibility for employees after completion of either one year of service (with at least 1,000 hours of service) or three consecutive years of service with at least 500 hours of service in each twelve-month eligibility computation period.</p> <p>These employees may be excluded from receiving any matching and/or nonelective contributions and may also be excluded from nondiscrimination and top-heavy testing.</p>	401(k) plans (other than collectively bargained plans)		Plan years beginning after December 31, 2020, for purposes of counting hours of service under the three-consecutive-years rule	<p>Start reviewing your plan's current eligibility and vesting requirements and tracking capabilities to understand whether any changes are necessary. You will be required to start this tracking in 2021.</p> <p>Next, consider whether to offer employer nonelective and/or matching contributions to your long-term part-time employees.</p> <p>Finally, assess whether to include the long-term part-time employees in the plan's nondiscrimination and top-heavy tests.</p>

Employee Eligibility and Enrollment (cont.)

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Annual safe harbor notices for 401(k) and 403(b) plans	<p>Eliminates the requirement to distribute the annual safe harbor notice to eligible employees for certain safe harbor nonelective contribution plans.</p> <p>The annual notice is still required if:</p> <ul style="list-style-type: none"> the safe harbor contribution plan formula is a matching contribution, or the safe harbor contribution plan formula includes a discretionary matching contribution and the employer nonelective contribution is used to help the plan pass the actual contribution percentage nondiscrimination test. 	401(k) and 403(b) plans with a nonelective contribution safe harbor plan design	✗	Plan years beginning after December 31, 2019	If your plan meets the new requirements to eliminate the annual safe harbor notice, consider whether you want to discontinue distributing the annual notice to eligible employees.
Automatic enrollment 401(k) and 403(b) plans	Raises the cap for the Qualified Automatic Contribution Arrangement (QACA) salary deferral safe harbor from 10% to 15% of eligible compensation after the participant's initial year.	401(k) and 403(b) automatic enrollment plans with a QACA safe harbor plan design	✗	Plan years beginning after December 31, 2019	If your plan is a QACA 401(k) or 403(b) plan, consider whether you want to increase your highest automatic enrollment salary deferral percentage to 15%.

Distributions and Withdrawals

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Minimum required distribution (MRD) starting age increased to 72	<p>Increases the age that certain participants must begin receiving minimum required distributions from 70½ to 72.</p> <p>Plans may require distributions to begin at an earlier age than 72 or 70½.</p>	All retirement plans subject to the minimum distribution requirements	✓	Distributions required to be made after December 31, 2019, for participants who attain age 70½ after December 31, 2019	<p>Fidelity will update its Automated MRD Calculation Service to change the MRD age requirement.</p> <p>If your plan does not use Fidelity's Automated MRD Calculation Service, then you need to identify the participants who are subject to the new age 72 requirement and make appropriate changes to your processes for communicating and processing MRDs.</p>

Distributions and Withdrawals (cont.)

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Changes to post-death required distribution period for certain beneficiaries	Requires certain beneficiaries to receive their account balances based on new distribution timing requirements, which significantly modified the "stretch" distribution provisions.	All defined contribution retirement plans subject to the minimum distribution requirements <i>Note: 457(b) plans sponsored by tax-exempt organizations are not included.</i>		Distributions made to beneficiaries of deceased participants who die after December 31, 2019 (or after December 31, 2021, for participants in governmental plans) For collectively bargained plans, the effective date depends upon the termination date(s) of the collectively bargained agreement, but not later than distributions made to beneficiaries of deceased participants who die after December 31, 2021.	You may need to update your internal procedures so that you can identify beneficiaries based on the date of death of the participant. Note that the rules for governmental and multi-employer plans may vary. As a general matter, you should encourage beneficiaries to consult with their tax advisors on these new requirements, which are very complex.
Birth or adoption distributions	Provides that "qualified birth or adoption distributions" of up to \$5,000 from employer plans and IRAs are not subject to the 10% early withdrawal penalty (if applicable) and may be repaid as a rollover contribution to a retirement plan or IRA.	<ul style="list-style-type: none"> • 401(k) plans • 403(b) plans • 457(b) plans sponsored by governmental entities 		Distributions made after December 31, 2019	While there are considerable questions for which guidance is needed in order to fully assess and implement this provision, you may want to begin thinking about adding a new distribution option based on birth or adoption expenses.
In-service distributions permissible at age 59½	Permits in-service distributions at age 59½, lowered from age 62 for pension plans and age 70½ for governmental 457(b) plans.	<ul style="list-style-type: none"> • 401(a) money purchase pension plans • 401(a) defined benefit plans • 457(b) plans sponsored by governmental entities 		Plan years beginning after December 31, 2019	Consider whether you want to reduce the age under your plan for in-service distributions to participants.

Investment Options

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Lifetime income disclosures	Requires benefit statements to include an annual estimate of the monthly payments the participant would receive after retirement based on his or her current account balance, using required assumptions.	ERISA-covered defined contribution plans		Statements issued more than 12 months after Department of Labor (DOL) issues interim final rules, model disclosures, and assumptions.	Fidelity is evaluating this requirement and preparing to comply with the DOL's guidance. More information will be provided when available.
Portability of "lifetime income investments" (annuities and other investments that offer a lifetime income feature)	<p>Permits participants to take a distribution of a "lifetime income investment" without regard to restrictions on withdrawals, if the lifetime income investment is no longer authorized to be held as a plan investment option.</p> <p>The distribution may be made in the form of a rollover distribution or qualified plan distribution annuity contract.</p>	<ul style="list-style-type: none"> • 401(a) defined contribution plans • 401(k) plans • 403(b) plans • 457(b) plans sponsored by governmental entities 		Plan years beginning after December 31, 2019	If you are considering removing this type of investment from your plan lineup, in addition to consulting with your Fidelity service team, please also consult the investment provider (typically the insurance carrier) to determine whether portability is possible for the investment. As this is a new type of distribution, there will be additional operational and communication considerations.
Fiduciary safe harbor for selection of an annuity provider	Enables fiduciaries to limit their potential liability associated with selecting an annuity provider, if the insurer becomes unable to satisfy its financial obligations under the annuity contract.	ERISA-covered defined contribution plans		Effective December 20, 2019	If you are selecting an annuity provider for your plan, consider designing your review and selection process to take advantage of the safe harbor.

Other Provisions

Topic	Description	Plan Type	Mandatory	Effective Date	Next Steps
Failure to file penalties	<p>Significantly increases the IRS penalties for failures to timely file the plan's annual return on Form 5500; Form 8955-SSA for separated participants with vested deferred benefits; and notices of a plan merger, transfer of assets, or spin-off on Form 5310-A.</p> <p>Also increases the IRS penalties for failure to provide withholding notices (Form W-4P).</p>	Retirement plans subject to the applicable filing and notice requirements		Filings due after December 31, 2019	Make sure your processes to complete filings and agency reporting are working well to avoid any penalties.
Treatment of difficulty of care payments excluded from income as compensation	Permits treatment of certain qualified foster care payments, which are excluded from income as difficulty of care payments, as compensation or earned income for IRA and defined contribution plan purposes. Participant contributions to retirement plans allocable to such payments are treated as after-tax contributions.	All defined contribution plans		Retroactively effective for plan years beginning after December 31, 2015	Limited applicability for most plans; however, you may want to review your employee compensation to identify any employees receiving "difficulty of care" (such payments are often received by home health care workers) in preparation for potential further IRS guidance on this section.
Combined Form 5500 filings for groups of defined contribution individual account plans, including open MEPs	<p>Permits members of a group of plans with the same trustee, named fiduciary, plan administrator, plan year, and investment options to file a single aggregated annual report on Form 5500.</p> <p>Plans not subject to ERISA may be included in the filing.</p>	ERISA-covered defined contribution plans subject to Form 5500 filing requirements		Returns and reports for plan years beginning after December 31, 2021	After guidance is issued by the DOL and IRS, consult with your tax advisor as to whether a combined filing is appropriate for your plans.

The SECURE Act Guide

Frequently Asked Questions



Plan Design

Q: How does the SECURE Act impact the deadlines for new plan amendments?

A: As a general matter, retirement plans should be amended to reflect changes in the plan design prior to the effective date of the change or by the last day of the calendar year in which the change occurred. With the SECURE Act, some of the provisions were effective on January 1, 2020, resulting in statutory permission to retroactively amend plan documents.

The deadline to retroactively amend your plan for any SECURE Act-related changes is generally on or before the last day of the first plan year beginning on or after January 1, 2022. In the case of governmental plans, the deadline for retroactive amendments is on or before the last day of the first plan year beginning on or after January 1, 2024. If your plan is maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers which was ratified before December 20, 2019, your plan must be amended to reflect the new minimum distribution requirements for certain beneficiaries on or before the last day of the first plan year beginning on or after January 1, 2024. The Treasury Department may extend the amendment deadlines.

Although your plan document may be retroactively amended, your plan operations must comply with the mandatory SECURE Act changes and any voluntary changes you make to your plan design when they are effective.

Q: I'm considering adopting a pension or profit-sharing plan. How does the SECURE Act impact that decision?

A: The SECURE Act has extended the deadline to adopt certain types of new plans. An employer may now adopt a pension or profit-sharing plan after the close of a taxable year and elect to treat the plan as having been adopted as of the last day of the prior taxable year, provided that the plan is adopted before the employer's tax filing due date (including extensions) for the prior taxable year. However, this provision cannot be used to retroactively create a 401(k) plan or a 401(k) feature in a profit-sharing plan.

This new rule applies to plans adopted for taxable years beginning after December 31, 2019. If you would like to adopt a new plan after the close of a plan year, please discuss it with your tax advisor. If you are considering one of Fidelity's preapproved plan documents, please contact your Fidelity service team.

Q: Does Fidelity intend to offer MEPs following the reforms made by the SECURE Act?

A: At this time, Fidelity is evaluating how best to help all Americans access retirement savings. Fidelity plans to offer a MEP solution by the effective date of 2021. We believe there is great benefit to making it easier for small businesses and independent workers to offer quality workplace retirement plans.

Q: What will your offering look like? Could you give us a preview?

A: We view MEPs as an opportunity to rethink how small businesses can offer competitive retirement benefits for their employees without the stress and burden of creating single employer plans. Our focus is on developing innovative capabilities to minimize administrative burdens and offer employers a simplified, digital-forward experience that allows them to focus on doing what they do best: developing and leading their own businesses. We look forward to sharing more about an offering when that information is available. At this time, we are continuing to look at what solution will best serve potential small-business owners and their employees.

Q: How will you go to market with MEPs? Will you work with advisors as a distribution channel?

A: Fidelity has been a trusted financial benefits provider to employers of all sizes for decades, in addition to our long history of working closely with Advisors and Consultants in this space. At this time, we are continuing to look at what distribution channels will best serve potential small-business owners and their employees.

Q: Will my plan be eligible for a tax credit under the Small Employer Tax Credit provision?

A: "Small employers" are defined as having generally up to 100 employees. Plan sponsors should consult with their tax advisor in order to determine specific eligibility.

Employee Eligibility and Enrollment

Q: Does the new long-term part-time deferral rule apply only to 401(k) plans? Are other plan types exempt?

A: The rule applies to all 401(k) plans other than collectively bargained plans. It does not apply to non-401(k) plans.

Q: We have multiple long-term part-time employees that have met / will meet the new 500-hours over three consecutive years rule. When do we need to start tracking hours for long-term part-time participants? How far back are hours of service calculated? Are hours of service calculated on a twelve-month plan year or employee anniversary year eligibility computation period?

A: The new rules are complicated and have triggered many questions. The change requires that employees who complete at least 500 hours of service in each twelve-month eligibility computation period over three consecutive years of service be eligible to participate in the salary deferral portion of the plan. We anticipate that the IRS will release guidance on various aspects of this new provision, including clarification on the computation period (e.g., anniversary year or plan year).

This provision goes into effect for plan years beginning on or after January 1, 2021. Plan sponsors should start tracking employee hours of service beginning in 2021. 2024 will be the first year that eligible employees under this new provision will be eligible to participate in the 401(k) plan. Also, a plan sponsor may still maintain a minimum age eligibility requirement.

Example: An employee is hired on June 1, 2019, and works 600 hours during the twelve-month eligibility computation period in 2019, 2020, 2021, 2022, 2023, and 2024. The first twelve-month eligibility computation period is 2021, because periods before 2021 are ignored. The employee worked more than 500 hours in 2021, 2022, and 2023. Thus, the employee would be eligible to participate in the plan after those first three twelve-month eligibility computation periods and could participate in the plan in 2024. The employee is eligible on June 1, 2024, if the plan uses the employee anniversary date to determine the twelve-month eligibility computation period (June 1 through May 31) and has monthly entry dates, or January 1, 2024, if the plan switched to the plan year to determine the twelve-month eligibility computation period based on the plan's calendar year and has monthly entry dates.

Please review your internal procedures in order to begin tracking hours in 2021 to meet the requirements of this provision. Fidelity continues to evaluate the impact to our Eligibility Tracking service and will provide more information to plan sponsors as soon as it is available.

Q: Does eligibility under the long-term part-time provision extend to both employee and employer contributions?

A: No, this provision only requires that employees be eligible to make deferral contributions to the 401(k) plan. However, a plan sponsor can choose to offer employer nonelective and/or matching contributions to these participants.

Q: Are long-term part-time participants required to be included in nondiscrimination and top-heavy testing?

A: It's up to each plan sponsor to determine if they would like to include or exclude these employees in their nondiscrimination and top-heavy testing.

Q: Are long-term part-time employees required to be considered "eligible participants" for determining audit thresholds and filing Schedule I or H?

A: Form 5500 (the Annual Return/Report of Employee Benefit Plan) is required to be filed annually. An audit is generally required if the plan covers 100 or more participants as of the beginning of the plan year. An employee who meets the plan's age, service, and entry date requirements and is not part of an excluded class of employees would be eligible to participate in the plan. Thus, it seems that an eligible employee who meets all the requirements would be an eligible participant for purposes of the 100-participant threshold, even if the participant is only eligible to make deferral contributions to the 401(k) plan. We are anticipating additional guidance from the IRS and DOL that will address this question and provide the official answer.

Q: Can you clarify the changes to the deadline to amend plan document for an employer nonelective contribution safe harbor plan design? How can Fidelity help plan sponsors take advantage of the changes?

A: 401(k) plans and 403(b) plans which are not using a matching contribution safe harbor may be amended as late as 30 days before

the end of a plan year to include a 3% of participant compensation employer nonelective contribution safe harbor for the current plan year. 401(k) plans and 403(b) plans may be amended as late as the end of the following plan year to add a 4% of participant compensation employer nonelective safe harbor contribution, which may help the plan pass nondiscrimination tests. If you'd like to make any changes to your plan's employer nonelective safe harbor contribution status, contact your Fidelity service team.

Q: How can Fidelity help plan sponsors that want to increase the Qualified Automatic Contribution Arrangement (QACA) salary deferral rate cap?

A: If you'd like to increase your plan's deferral increase cap up from 10% to the new 15% maximum, contact your Fidelity service team.

Distributions and Withdrawals

Q: How does the law change the MRD age requirement?

A: Individuals must begin receiving MRDs at age 72 if they attain age 70½ after December 31, 2019. The requirements have not changed for individuals who reached age 70½ before January 1, 2020, who continue to be subject to the age 70½ requirement to begin MRDs.

Q: Has Fidelity made updates to comply with the changes to the MRD starting age?

A: Yes, changes have been made to automated MRD calculations for participants turning age 70½ in 2020 in order to comply with the age change. Additional changes are underway to update operational processes and ensure compliance for MRDs in 2021.

Q: I have an employee who turned age 70½ in 2019 whose initial 2019 MRD was deferred until April 1, 2020. Is the MRD required in 2020?

A: This participant attained age 70½ in 2019 and continues to be subject to the age 70½ MRD requirement. The 2019 MRD must be distributed by April 1, 2020. The 2020 MRD (and all subsequent MRDs) must be distributed by December 31 of the relevant year.

Q: Which beneficiaries are impacted by the changes to the MRD rules?

A: Beneficiaries of participants who died after December 31, 2019, are required to follow the new MRD rules. If you sponsor a governmental plan, please note that the new rules apply to beneficiaries of deceased participants who die after December 31, 2021. For collectively bargained plans, the effective date depends upon the termination date(s) of the collectively bargained agreement, but not later than distributions made to beneficiaries of deceased participants who die after December 31, 2021. This difference is generally not reported in the popular press and may cause confusion for beneficiaries.

Beneficiaries of participants who died prior to January 1, 2020, continue to be subject to the prior MRD rules for beneficiaries.

Q: How did the MRD rules for beneficiaries change?

A: There are now rules for (1) "eligible designated beneficiaries," a category which includes surviving spouses, minor children, disabled beneficiaries, chronically ill beneficiaries, and beneficiaries not more than 10 years younger than the employee, and (2) other types of beneficiaries. In general:

- Individuals who are eligible designated beneficiaries may receive their distributions over their lifetime. Once a minor child reaches the age of majority, he or she must receive the remainder of their account balance within 10 years of that date.
- If the surviving spouse is the eligible designated beneficiary, he or she can delay the initial distribution until the year in which the deceased participant would have reached age 72.
- Individuals who are not eligible designated beneficiaries must receive a full distribution within 10 years.
- Estates and charities must receive a full distribution within 5 years.

We anticipate that the IRS will issue regulations. We will incorporate any required changes in our beneficiary services, participant communications, and internal procedures.

Q: How is Fidelity addressing qualified birth or adoption distributions?

A: Fidelity has analyzed the statutory language and has identified several questions that need to be answered by the IRS. The most common question is whether the provision either requires or permits a plan to offer a new distribution option based on a birth or adoption. Other questions include whether an individual who has a birth or finalizes an adoption and then takes an otherwise available distribution from the plan (e.g., a hardship) within a year is eligible for the waiver of the excise tax; what information is required to confirm eligibility; what sources of money may be made available; and how the repayment works.

Fidelity is advocating on behalf of our clients for guidance from the IRS on these questions through industry trade groups. Given the considerable uncertainties, we urge plan sponsors to be patient until the IRS issues guidance. This will allow plan sponsors to have a better understanding of the provision to assist in their determination of whether they wish to add such an option to their plan. Similarly, it will allow Fidelity to develop a compliant offering that will ensure the continued tax-qualified status of the plan. Fidelity will keep plan sponsors informed of any developments.

Q: Is a qualified birth or adoption distribution tax free?

A: A qualified birth or adoption distribution is exempt from the 10% early distribution penalty. Otherwise, it would be subject to taxation based on the sources from which it was obtained ((e.g., pretax vs. after-tax)).

Q: Is qualified birth or adoption distribution a new hardship reason?

A: No. The SECURE Act amended section IRC 72(t)(2) and added it as new distribution that is exempt from the 10% early distribution penalty. The Treasury Department has not change the list of hardship changes to include expenses associated with birth or adoptions.

Q: If my employee repays a birth or qualified adoption distribution to the plan, is it considered an after-tax rollover?

A: Additional guidance is needed regarding repayments of qualified birth or adoption distributions.

Investment Options

Q: What are the allowable distributions of lifetime income investments under the new lifetime income portability rules?

A: Allowable distributions include direct rollovers to an IRA or another retirement plan and qualified plan distribution annuity contracts. Fidelity is reviewing this provision to determine what changes to our processes, procedures, and systems may be required to support this new type of distribution. We also anticipate that the IRS may provide guidance regarding implementing this provision.

Q: What are the requirements for the "lifetime income disclosure"?

A: The disclosure must include the amount of monthly payments a participant would receive if the total accrued benefits were used to provide a lifetime income stream in the form of monthly payments from a qualified joint and survivor annuity or a single life annuity. The DOL has been directed to issue three pieces of guidance: a safe harbor model disclosure, the assumptions to be used when converting total accrued benefits to lifetime income stream equivalents, and an interim final rule within one year after the SECURE Act was passed.

Q: Did the SECURE Act "approve" the use of in-plan annuities?

A: No. The SECURE Act provides a new safe harbor intended to clarify plan sponsor requirements for evaluating the financial stability of annuity providers.

Financial stability of an insurance provider, or the provider's ability to make future guaranteed income payments, is an important consideration for plan sponsors evaluating whether to offer annuities, either in plan or out of plan, to their defined contribution plan participants. In addition, plan sponsors should consider the cost of alternative products and suitability of solutions relative to their participants' needs.

Q: What are Fidelity's views regarding the offering of lifetime income options?

A: We believe retiring participants require a personalized retirement income plan that is tailored to the unique circumstances of each participant's household. Through our comprehensive retirement planning and guidance experience, we help participants assess their retirement income needs and develop a retirement income plan that may utilize a combination of in-plan lifetime income solutions through systematic withdrawals, as well as out-of-plan guaranteed income annuity solutions. We believe essential expenses should be covered by guaranteed sources of lifetime income, such as Social Security and pensions. In some cases, purchasing additional guaranteed income from a participant's defined contribution savings may be appropriate to cover essential expenses. For those participants, we currently offer a broad array of annuity products from reputable insurance providers through our out-of-plan service, the Fidelity Insurance Network®. In addition, Fidelity is committed to working with plan sponsors to understand the needs of their participants and evolving our platforms to support innovative solutions.



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