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Dear Plan Sponsor:

Due to recent legislation changes, updates are required for your 403(b) and/or 457(b) Plan(s).

The following document outlines some key provisions from SECURE 2.0 that could impact the administration of your Plan. AFPlanServ has already begun administering the mandatory changes described in the attached SECURE 2.0 Provisions Explanations. We will continue to do so as other mandatory changes become effective.

AFPlanServ has reviewed the optional provisions of SECURE 2.0 and requires your feedback to determine how to administer your Plan(s) moving forward. Some of the provisions will not be added to the Plan(s) unless you opt in to the provision. Some of the provisions will automatically be added to the Plan(s) unless you opt out of the provision. Details to further understand these provisions and how they will be administered can be found in the SECURE 2.0 Provisions Explanations.

These optional revisions require review and a signature from the appropriate personnel to update your Plan(s). If you would like to make changes, please send AFPlanServ the completed SECURE 2.0 Opt-In/Opt-Out Form by December 15, 2023. The completed form can be sent via email to: info@afplanserv.com.

If we have not received the completed form by December 15, 2023, your Plan(s) will be administered according to each provision outlined in the SECURE 2.0 Provisions Explanations.

AFPlanServ does not provide legal or tax advice. The explanations of SECURE 2.0 provisions provided are general in nature as related to the recordkeeping operations provided by AFPlanServ. We suggest you ask your legal counsel or tax advisor for assistance with your specific situation.

We appreciate your attention to this important update. If you have any questions regarding this notice or your current 403(b) and/or 457(b) Plans, please email us or call us at 866-560-6415.

Sincerely,

AFPlanServ®
American Fidelity Assurance Company

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SECURE 2.0 Opt-In/Opt-Out Form

Please complete the form below if you are choosing to opt in or out of any of the optional provisions outlined in the SECURE 2.0 Provisions Explanations. This will help us determine the proper process of facilitating the on-going administration of your 403(b) and/or 457(b) Plan(s).

This form must be completed by an authorized representative of the Employer.

Employer Group:____

Employer Address: ______________________________________

Employer Phone Number (with area code):________________________

Printed Name of Authorized Signer: ____________________________

Title: __________________Date:____________________________

Signature of Authorized Signer: ______________________________

Opt-In Provisions:

Check the box next to the provision if you would like to ***include*** it in your Plan(s):

☐ Allow employees to elect to have employer matching and nonelective contributions treated as Roth contributions. **This may only be checked if your Plan(s) include employer contributions and Roth contributions**. If you would like to add Roth contributions to your account, please contact us for assistance. (Outlined in Optional Treatment of Employer Matching Contributions and Nonelective Contributions as Roth Contributions)

☑ Permit withdrawals of up to $1,000 for self-certified emergency expenses. (Outlined in Withdrawals for Emergency Expenses)

☐ Allow employer matching contributions on student loan payments. (Outlined in Treatment of Student Loan Payments as Elective Deferrals for Employer Matching Contributions)

☐ Offer non-highly compensated employees a "pension-linked emergency savings account" and automatically enroll them at no more than 3% of the employee's compensation. (Outlined in Pension-Linked Emergency Savings Accounts)

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Opt-Out Provisions:

Check the box next to the provision if you would like to ***exclude*** it from your Plan(s):

☐ Do not allow Qualified Federally Declared Disaster Distributions with optional repayment over three years (outlined in Distributions in Connection with Qualified Federally Declared Disasters)

☐ Do not allow Qualified Federally Declared Disaster loans. (Outlined in Distributions in Connection with Qualified Federally Declared Disasters)

☐ Do not allow participant self-certification for hardship distributions. (Outlined in Hardship Distribution Self-Certification)

☐ Do not allow Qualified Birth or Adoption Distributions with optional repayment over three years. (Outlined in Qualified Birth or Adoption Distribution)

☐ Do not allow Victims of Domestic Abuse Distributions up to $10,000 and optional repayment over three years. (Outlined in Survivors of Domestic Abuse Distributions)

SECURE 2.0 Provisions Explanations

This section summarizes SECURE 2.0 mandatory and optional provisions. The first section explains the provisions which must be added to your Plan(s) and indicates when the provisions will be effective. The remaining provisions are optional provisions, and the explanations indicate whether we intend to add the provision to the Plan(s) and what options you have for including or excluding the provision from the Plan(s).

Changes that are automatically administered:

Increase in Age for Required Minimum Distribution: In 2020, the original SECURE Act increased the required minimum distribution age from 70½ to 72. SECURE 2.0 increases the required minimum distribution age to 73 as of January 1, 2023, and to 75 as of January 1, 2033.

Increase in Catch-up Limit for Individuals Ages 60 to 63 (Plan must permit catch-up contributions for this to be added): SECURE 2.0 increases the catch-up contribution limit for individuals who reach ages 60 to 63 after December 31, 2024. For these participants, the new limit is equal to the greater of $10,000, or 150% of the catch-up limit for individuals between ages 50 and 59.

Flexibility for Governmental 457(b) Plan Contributions: SECURE 2.0 allows election changes by participants to take place any time after the election change is made, effective December 29, 2022. Previously, these changes could only be made on the first day of the month.

Provisions you can opt in to:

Optional Treatment of Employer Matching Contributions and Nonelective Contributions as Roth Contributions. SECURE 2.0 allows an employee to elect to have employer matching and nonelective contributions to 403(b) and governmental 457(b) Plans on a Roth basis. Such contributions must be 100% vested when made. This provision is effective for contributions made after December 29, 2022.

- This only applies if your Plan(s) allow(s) for Employer Funds and allows Roth Contributions.
- If your Plan(s) allow(s) Roth contributions and employer contributions, you will still need to separately opt in to this provision to allow participants to elect employer contributions on a Roth basis.

Withdrawals for Emergency Expenses. SECURE 2.0 adds a new distribution option for certain emergency expenses that create unforeseeable or immediate financial needs. It is effective for distributions after December 31, 2023. Participants can make one $1,000 withdrawal to pay for these expenses without incurring a 10% penalty tax under Code Section 72(t) for early distribution. The Plan may rely upon the participant's written certification that they meet the requirements for the emergency expense distribution. There is a three-year window for the distribution to be repaid; but no further withdrawals will be permitted during the three-year window without repayment.

- This provision, including permitted self-certification, will not be added to the Plan(s) unless you opt in.

Treatment of Student Loan Payments as Elective Deferrals for Employer Matching Contributions. SECURE 2.0 allows an employer to make matching contributions to 403(b) and governmental 457(b) Plans regarding qualified student loan payments. Student loan payments are payments made by an employee to repay a loan incurred by the employee for qualified higher education expenses. The annual deferral limit applies to elective deferrals and student loan payments on a combined basis. An employer may rely on an employee's certification that student loan payments were made without further verification. This provision is effective for contributions made for Plan years beginning after December 31, 2023.

- This provision only applies if your Plan(s) allow(s) for employer funds.
- If your Plan(s) allow(s) for employer funds, you will still need to separately opt in to this specific provision if you would like to have student loan matching contributions in addition to any other employer matching contributions already in the Plan(s).
- If you elect to opt in to this provision, you will be responsible for determining whether applicable student loan payments have been made.

Pension-Linked Emergency Savings Accounts. Under SECURE 2.0, employers may offer non-highly compensated employees a pension-linked emergency savings account and automatically enroll them at no more than 3% of the employee's compensation. Employee contributions are capped at $2,500 and treated as Roth contributions. If the Plan provides matching contributions for elective deferrals, pension-linked emergency savings account contributions must also be matched at the same rate (not more than $2,500). Distributions are exempt from the 10% tax penalty under Code Section 72(t) for early distributions. This provision is effective for Plan years beginning after December 31, 2023.

- This provision will not be added to the Plan(s) unless you opt in to this provision.

Provisions you can opt out of:

Distributions in Connection with Qualified Federally Declared Disasters. SECURE 2.0 adds an in-service distribution for disaster-related hardships upon issuance of a federally declared disaster. Affected individuals may take a distributions across all qualified retirement plans of up to $22,000. These distributions may be reported by the participant as income for income tax purposes over three years and are not subject to the 10% penalty tax under Code Section 72(t) for early distributions. These distributions may be recontributed to the Plan over three years. Recontribution will be administered by the investment vendors. Additionally, employers may increase the maximum loan amount for affected individuals and allow six years to repay loans. The expanded disaster-related rules are effective for disasters occurring on or after January 26, 2021.

- This distribution and repayment option will be added to the Plan(s) if your Plan(s) allow(s) hardship distributions, unless you opt out.
- This loan will be added to the Plan(s) if your Plan(s) allow(s) loans, unless you opt out.

Hardship Distribution Self-Certification. SECURE 2.0 permits Plan sponsors and administrators to rely on a participant's written certification that (a) they meet the requirements for a specified hardship withdrawal for 403(b) Plans or unforeseeable emergency withdrawal for 457(b) Plans; (b) they will maintain documented proof of the basis for the hardship; and (c) the amount requested is not more than what is required to meet the financial hardship. This provision is effective for hardship distributions after December 29, 2022.

- Self-certification will be added to the Plan(s) for all hardships or unforeseeable emergencies unless you opt out.

Qualified Birth or Adoption Distribution. The SECURE Act allowed participants to take a qualified birth or adoption distribution (QBAD) of up to $5,000 from their retirement plan for expenses related to birth or adoption without incurring the 10% penalty tax under Code Section 72(t) for early distribution. SECURE 2.0 amends the QBAD provisions to allow recontribution of these distributions within three years of the distribution. Recontribution will be administered by the investment vendors. This provision is effective for distributions made after December 29, 2022, and retroactively to the three-year period beginning the day after the distribution was received.

- This distribution was added to your Plan(s) after the original passing of the SECURE Act in 2019.
- This distribution will remain in the Plan(s) and the option for repayment will also be added to the Plan(s) unless you opt out of Qualified Birth or Adoption Distributions.

Survivors of Domestic Abuse Distributions. SECURE 2.0 adds a new distribution option of up to $10,000 for domestic abuse victims. The participants may self-certify that they experienced domestic abuse within the previous 12 months to qualify for the distribution. These distributions are not subject to the 10% early withdrawal penalty. The Plan may also permit participants to repay the withdrawn money over three years. This provision goes into effect January 1, 2024.

- This provision, including repayment, will be added to the Plan(s) unless you opt out.

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Future Mandatory Provision to Consider Now:

Catch-Up Contributions Limited to Roth Contributions for Certain Employees. SECURE 2.0 requires all catch-up contributions to 403(b) and governmental 457(b) Plans be made only on a Roth after-tax basis for employees with compensation over $145,000 (indexed for inflation) for the preceding year. This provision is effective for taxable years beginning after December 31, 2025.

- If your Plan(s) permit(s) any catch-up contributions, this provision is mandatory. However, you can elect not to allow catch-up contributions in your Plan(s).
- If you continue to allow catch-up contributions but Roth contributions aren't allowed in your Plan(s), we will add Roth contributions to the Plan(s) only for catch-up contributions unless you give us instruction otherwise.
- This provision is not included on the Opt-In/Opt-Out Form with this letter because the provision is not effective until January 1, 2026. Since this provision entails complex administrative and business decisions, we will be communicating with you about this over the next couple of years to give you time to decide.