



SECURE 2.0 ACT OF 2022

Spousal Beneficiaries are Treated as Plan Participants for RMD Purposes



On December 29, 2022, President Biden signed into law the SECURE 2.0 Act of 2022 (SECURE 2.0). This occurred as part of the passage of the Consolidated Appropriations Act, 2023, a federal government spending package. The [SECURE 2.0 Guide](#) provides a high-level summary of the key defined contributions and defined benefit plan provisions for workplace retirement plans. This article provides additional information on the **Spousal Beneficiaries are Treated as Plan Participants for Required Minimum Distribution (RMD) Purposes** provision and considerations for plan sponsors and participants.

SECURE 2.0 Section # 327- Spousal Beneficiaries are Treated as Plan Participants for RMD Purposes

Plan types affected	Defined Benefit, 401(a) PS, 401(k), MP, 403(b), Gov't 457(b), Non-govt 457(b)
Mandatory or Optional	Mandatory
Effective dates	January 1, 2024
Overview	A spousal beneficiary who is the surviving spouse and sole beneficiary of a deceased retirement plan participant may elect to have the RMD rule applied as if they were the deceased employee or owner.
What has changed?	The new provision now enables the initial RMD to be delayed to the later of the year that the deceased participant would have attained age 73, or the spouse attains age 73. In addition, the spouse will be treated as the employee or owner so that the annual RMD calculation will be based on the Uniform Lifetime Table instead of the Single Life Table that is used for beneficiaries, which is more favorable to the spouse and will result in a lower annual RMD.

How does this affect plan sponsors?

It is important that plan sponsors are aware of this change and the effect that it will have on beneficiaries. Furthermore, we ask plan sponsors to notify Fidelity of the death of a participant in a timely manner so that relevant information can be sent to the surviving spouse and sole beneficiary to help with the election-making process.

How does this affect participants and beneficiaries?

This provision affects a spousal beneficiary who is the sole beneficiary of a deceased participant who died before their required beginning date, which is now age 73. An eligible designated beneficiary of a deceased participant who died before their required beginning date must receive their initial RMD by December 31 of the of the calendar year following the calendar year of the death of the participant if they want to receive annual RMDs. However, there is a special exception for a spousal beneficiary who is the sole beneficiary and timely elects to delay the initial RMD until the year that the deceased participant would have attained age 73. The new provision now enables the initial RMD to be delayed to the later of the year that the deceased participant would have attained age 73, or the spouse attains age 73 (The age 73 increases to age 75 starting in 2033). In addition, the spouse will be treated as the employee or owner so that the annual RMD calculation will be based on the Uniform Lifetime Table instead of the Single Life Table that is used for beneficiaries, which is more favorable to the spouse and will result in a lower annual RMD.



Key takeaways

Beneficiaries may have questions for plan sponsors regarding this provision, and Fidelity is committed to helping plan sponsors effectively communicate this change.

Additional guidance needed – IRS guidance is needed for the spousal election requirements. In addition, the provision requires the IRS to amend their RMD regulations that apply to deaths on or after the required beginning date to provide that RMDs for a spouse who wants to elect for a delay in the RMD.



Next steps

Operational readiness and Fidelity solutions: Fidelity is updating internal processes, procedures and systems for this change. We are currently identifying and reviewing the changes on applicable beneficiary communication materials.

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