

2025 Governmental 457(b) Plan Changes (as of 11/6/2025)

***Rows highlighted in yellow are items that will be incorporate in a separate amendment after receipt of IRS guidance and model language.**

Legal Change		Governing Authority	Optional or Required	Adopted (Y/N)	Amendment Needed (Y/N)	Comments/Questions
1.	<u>Changes to RMD Rules</u> – Allows plan to increase the required beginning age from 70½ to 72 for participants who reach age 70½ after 12/31/2019 73 for participants who turn 72 after Dec. 31, 2022, and age 73 before Jan. 1, 2033 75 for participants who turn 74 after Dec. 31, 2032.¹	SECURE Act/SECURE 2.0 Act	Optional	Y	Y	Age 72 included in Second Amendment. Add age 73 to 2025 restatement. Age 75 not yet adopted. 12/31/29 amendment deadline Effective for distributions required to be made after 12/31/22 ² , then distributions required to be made after 12/31/32.
2.	<u>Changes to RMD Rules</u> – For deaths after 12/31/2019, distributions after the participant's death generally must be made by the end of the 10 th calendar year after the year of death; however, payments may be made over the beneficiary's life expectancy if the beneficiary is (1) a surviving spouse; (2) a disabled or chronically ill individual (or a trust for same); (3) a beneficiary no more than 10 years younger than the participant or (4) a minor child.	SECURE Act	Required ³	Y	Y	Final and proposed regulations are effective for distributions for calendar years beginning on and after 1/1/2025 12/31/29 amendment deadline IRS model RMD language provided to date appears to contain errors/inconsistencies that the IRS needs to address. Given that an amendment is not required until 12/31/2029, Troutman recommends waiting until updated model language is issued to amend for this change
3.	<u>In-Service Withdrawal for Birth or Adoption Expenses</u> – Withdrawals of up to \$5,000 after 12/31/2019 for eligible childcare and adoption expenses are permissible, not subject to the early 10% withdrawal penalty, ⁴ may be	SECURE Act	Optional	N	N/A	Not adopted. Columbus recently implemented maternity and adoption policy.

¹ An error in SECURE 2.0 made it unclear when individuals who were born in 1959 are required to commence RMDs. Proposed RMD regulations indicate that the applicable age for an employee who was born in 1959 is age 73.

² Notice 2023-44 provides that a plan administrator will not be considered to have failed to satisfy the requirements of §§ 401(a)(31) and 402(f) merely because of a failure to treat distributions made from a plan between Jan 1, 2023 and July 31, 2023 to a participant born in 1951 that would have been an RMD but for the change in the required beginning date under § 107 of SECURE 2.0

³ CARES Act waived this for 2020 → the 5-year period and 10-year period, as applicable, for death benefit RMDs will be determined without regard to 2020. This essentially allows an extra year for such RMDs.

⁴ Governmental 457(b) plans are not subject to the 10% tax penalty on early distributions under Code Section 72(t). Therefore, any reference to 10% penalty in chart is inapplicable.

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	recontributed back to the plan, are not eligible for rollover and are not subject to 20% mandatory withholding.					12/31/29 amendment deadline
4.	<u>In-Service Distribution Rules</u> – 457(b) Plans may permit non-hardship in-service distributions as early as age 59-1/2 (reduced from age 70-1/2).	SECURE Act	Optional	N	N	Not adopted. May revisit later. 12/31/29 amendment deadline
5.	<u>Coronavirus-Related Distributions (CRDs)</u> – For distributions from 1/1/2020 through 12/30/2020, a qualified individual can take a CRD of up to \$100,000 which is not subject to the 10% early withdrawal penalty, not subject to 20% mandatory withholding, not treated as an eligible rollover distribution, taxed pro-rata over a 3-year period (unless the individual elects otherwise), and is eligible for re-contribution back to the plan within 3 years from the date of distribution.	CARES Act	Optional	Y	N	Included in Second Amendment. 12/31/29 amendment deadline
6.	<u>Coronavirus-Related Increased Loan Limits</u> – Code Section 72(p) was amended to replace \$50,000 and 50% of account balance with \$100,000 and 100% of account balance for loans made from 3/27/2020 through 9/22/2020, which was still an aggregate limit taking into account other outstanding loan balances.	CARES Act	Optional	N	N	Not adopted. 12/31/29 amendment deadline
7.	<u>Coronavirus-Related Delayed Loan Repayments</u> – Loan payments due between 3/27/2020 and 12/31/2020 can be suspended for a year; there is a safe harbor that results in the loan being re-amortized on 1/1/2021 including the suspension period and payment restarting on such date.	CARES Act	Optional	N	N	Not adopted. 12/31/29 amendment deadline

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8.	<u>RMD Waiver</u> – Required minimum distributions were waived for 2020 ⁵ . This means that the following RMD payments did not need to be made: (1) 2020 RMD payments for individuals already receiving them; (2) 2020 RMD payments for individuals who turned age 70½ or retired in 2019, along with the 2019 RMD payment to the extent not already made in 2019; and (3) 2020 RMD payments for participants who have an RBD of 4/1/2021 as a result of a 2020 retirement.	CARES Act	Optional	Y	N	Included in Second Amendment at Section 5.05(a). 12/31/26 amendment deadline
9.	<u>Qualified Disaster Distribution</u> – A participant who lives in a qualified disaster area and has sustained an economic loss can treat up to \$100,000 of a plan distribution as a qualified disaster distribution (QDD). Distributions prior to June 25, 2021 can qualify and impacted participants can take up to a \$100,000 distribution or a loan (with no 10% early withdrawal penalty), which can be recontributed within 3 years; participants have 180 days after the end of the disaster to take advantage of the relief.	Taxpayer Certainty and Disaster Tax Relief Act of 2020	Optional	N	N	Not adopted. 12/31/26 amendment deadline
10.	<u>Difficulty of Care Payment</u> – The SECURE Act adds Code Section 415(c)(8) to the Code to increase the annual additions limit for retirement plans to take into account difficulty of care payments (i.e., a qualified foster care payment under Code Section 131). Plans maintained by employers that provided difficulty of care payments must be amended by 12/31/26 to account for this change. Thereafter, employers that begin making difficulty of care payments must amend their plans by the end of the second calendar year after the calendar year in which the difficulty of care payments begin.	SECURE Act	Required for Employers that Make Difficulty of Care Payments	N	N	Not adopted. The later of (i) 12/31/26 and (ii) the end of the second calendar year after the calendar year in which the difficulty of care payments begin

⁵ Appendix to Notice 2020-51 includes a sample amendment that may be used to amend plans to provide for the RMD waiver.

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11.	<u>De Minimis Financial Incentives</u> . Prior to SECURE 2.0, any financial incentives to encourage plan participation violated the contingent benefit rule. Under SECURE 2.0, employers now have the ability to offer eligible employees <i>de minimis</i> financial incentives to encourage participation in the company's 401(k) plan. Incentives may include low-dollar gift cards, company "swag", etc. Plan assets may not be used to fund incentives. The incentive may not exceed \$250 in value.	SECURE 2.0 ⁶	Optional	N	N	Not adopted. Effective for plan years beginning after 12/29/22 12/31/29 amendment deadline
12.	<u>Election to Treat Employer Matching and Nonelective Contributions as Roth Contributions</u> . Plans may provide participants with a choice to receive matching and nonelective contributions as Roth contributions. The contributions are not excludable from the participant's gross income and must be 100% vested/nonforfeitable when made.	SECURE 2.0	Optional	N/A	N/A	Plan only provides for employee deferrals. Effective for contributions made after 12/29/22 12/31/29 amendment deadline
13.	<u>Reliance on employees' self-certification for hardship distributions</u> . Plan administrators can rely on a participant's self-certification that – - a hardship distribution is for an immediate and heavy financial need (based on one of seven safe harbor reasons) and does not exceed the amount required to satisfy the need; and - the participant has no alternative means reasonably available to satisfy the need.	SECURE 2.0	Optional	N	N	<i>Board did not adopt per 11/6/2025 meeting.</i> Effective for plan years beginning after 12/29/22 12/31/29 amendment deadline
14.	<u>Penalty-free Withdrawals for Terminal Illness</u> . No 10% early withdrawal penalty for participants certified by a physician as having a condition reasonably expected to result in death within 84 or fewer months after the date of certification. Distributions can be repaid within 3 years and participant must furnish sufficient evidence of condition. ⁷	SECURE 2.0	Optional	N/A	N/A	Adopted per Board minutes of 5/1/25 meeting. Board agreed inapplicable per meeting on 11/6/25. <i>Although the Board approved this change, the addition of penalty-free withdrawals for terminal illness is not permitted for governmental 457(b) plans.</i>

⁶ Note, the SECURE 2.0 also touches on the following topics, which do not require plan amendments: reductions of penalties for failure to take RMDs, tax credits, auto-portability prohibited transaction exemption requirements, disclosure and notice provisions, requirement to use paper statements without affirmative opt outs, agency directives, EPCRS expansion, elimination of RMD barriers for life annuities, increased flexibility for qualifying longevity annuity contracts, elimination of RMD penalties on partial annuities, auto-enrollment and auto-escalation requirements for new plans and retirement savings "lost and found."

⁷ Note: Withdrawals due to terminal illness are not permitted under governmental 457(b) plans. See Notice 2024-02, Q&A-F2.

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15.	<u>Three-year repayment limit on qualified birth or adoption distribution (QBADs).</u> The SECURE Act permitted plans to allow participants to take a distribution of up to \$5,000 upon a qualified birth or adoption and to repay such distribution to the plan. SECURE 2.0 limits the repayment period to 3 years following the distribution for participants who wish to repay the QBAD.	SECURE 2.0	Required (to the extent a plan provides for the QBAD option)	N	N	Effective for distributions made after 12/29/22 12/31/29 amendment deadline
16.	<u>Disaster Relief.</u> Plans can offer the following relief to participants affected by federally declared disasters: ○ distributions up to \$22,000 per disaster, with no 10% early withdrawal penalty and option to repay within 3 years; ○ repayment of unused hardship distributions taken to purchase principal residence in disaster area; ○ temporary increase in plan loan cap up to \$100,000; and ○ 180-day suspension of plan loan repayments and corresponding extension of the loan term	SECURE 2.0	Optional	N	N	Not adopted per email from R. Hollowell dated 8/7/2025. Applicable to disasters on or after January 26, 2021 12/31/29 amendment deadline
17.	<u>Recovery of Overpayments.</u> Plans may be amended to grant plan fiduciaries the authority to not recoup overpayments.	SECURE 2.0	Optional	N	N	Revisit at later date Effective 12/31/22 12/31/26 amendment deadline
18.	<u>Matching Contributions on Student Loan Repayments.</u> Employers may provide matching contributions on an employee's qualifying student loan repayments as if such repayments were elective deferrals for purposes of matching contributions, subject to various requirements.	SECURE 2.0	Optional	N/A	N/A	Not applicable. Plan only provides for employee deferrals.

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19.	<u>Roth-Only Catch-Up Contributions for “High Earners”</u> . If a participant who is at least age 50 as of year-end has wages exceeding \$145,000 (as indexed for inflation) in the prior year, any catch-up contributions made by the participant must be made on a Roth basis. Other participants must have the option to make Roth catch-up contributions if any participant is limited to Roth catch-up contributions.	SECURE 2.0	Required for plans that provide for catch-up contributions			Effective for tax years beginning after 12/31/23, implementation of provision delayed until 12/31/25 ⁸ 12/31/29 amendment deadline Given (i) the lack of guidance provided to date and (ii) the fact that an amendment is not required until 12/31/2029, Troutman recommends waiting until additional guidance is released to amend for this change . Alternatively, if Columbus wishes to amend now, we would propose a more general reference operating this requirement in accordance with applicable regulations and incorporate administrative procedures established by the plan administrator.
20.	<u>Modification of “first day of the month” requirement for governmental 457(b) plans</u> . Before SECURE 2.0, governmental 457(b) plan participants must make a deferral election in the month prior to the month in which compensation is paid. SECURE 2.0 changes this rule (aligning it with 401(k) and 403(b) plans) to permit participants to change their deferral rate any time before the compensation is paid. ⁹	SECURE 2.0	Optional	N	N	Not adopted. Effective for taxable years beginning after December 29, 2022
21.	<u>No Pre-Death RMDs for Roth Accounts</u> . Roth accounts are no longer subject to the pre-death RMD rules. However, plans must still pay pre-death RMDs from Roth accounts that relate to tax years before the effective date (e.g., 2023 RMD must be paid to a participant with April 1, 2024, required beginning date)	SECURE 2.0	Required			Effective for tax years beginning after 12/31/23 Final and proposed regulations are effective for distributions for calendar years beginning on and after 1/1/2025 12/31/29 amendment deadline

⁸ Per Notice 2023-62, the IRS in the Notice granted a two-year delay for the required implementation date (i.e., beginning after Dec. 31, 2025). In July 2025, the American Institute of CPAs (AICPA) submitted a letter to the Treasury and IRS requesting additional guidance on catch-up contributions for high-earners. Plan sponsors and recordkeepers remain hopeful that further guidance is forthcoming.

⁹ Does not apply to non-governmental 457(b) plans.

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						IRS model RMD language provided to date appears to contain errors/inconsistencies that the IRS needs to address. Given that an amendment is not required until 12/31/2029, Troutman recommends waiting until updated model language is issued to amend for this change
22.	<u>Spousal Election for RMDs</u> . A surviving spouse can elect to be treated as the deceased employee for RMD purposes, if the distributions have not begun when employee dies.	SECURE 2.0	Required			Effective for calendar years beginning after 12/31/23 Final and proposed regulations are effective for distributions for calendar years beginning on and after 1/1/2025 12/31/29 amendment deadline IRS model RMD language provided to date appears to contain errors/inconsistencies that the IRS needs to address. Given that an amendment is not required until 12/31/2029, Troutman recommends waiting until updated model language is issued to amend for this change
23.	<u>Increase to Involuntary Cash-Out Threshold</u> . Increases the involuntary cash-out threshold from \$5,000 to \$7,000.	SECURE 2.0	Optional	Y	N	Adopted per Board minutes of 5/1/25 meeting. Plan language includes auto-increase in limit. "...exceeds \$1,000 but does not exceed \$5,000 or any other maximum amount under IRC Section 401(a)(31)(B) (determined under IRC Section 411(a)(11) at the time of the distribution)..." Effective for distributions after 12/31/23 12/31/29 amendment deadline

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24.	<u>Penalty-Free Withdrawals for Emergency Expenses.</u> Plans may offer participants the ability to withdraw amounts up to \$1,000 once per calendar year (without the 10% early withdrawal penalty) for “unforeseeable or immediate financial needs relating to necessary or personal family emergency expenses.” Participants can repay distributions within three years, and additional emergency distributions are prohibited during the three year repayment period unless the existing distribution is fully repaid or the amount the participant contributed after the distribution is at least as much as the amount not repaid.	SECURE 2.0	Optional	Y	Y	Adopted per Board minutes of 5/1/25 meeting. Effective for distributions after 12/31/23 12/31/29 amendment deadline
25.	<u>Penalty-Free Withdrawals Upon Event of Domestic Abuse.</u> Plans may offer participants who are the victims of domestic abuse the ability to take a distribution (without the 10% early withdrawal penalty), up to the lesser of \$10,000 (as adjusted) or 50% of participant’s vested account balance. Distributions must be taken within 1 year of domestic abuse event and participants may repay the distribution within 3 years.* <i>*Not available to plans subject to qualified joint and survivor annuity and/or pre-retirement survivor annuity requirements</i>	SECURE 2.0	Optional	Y	Y	Adopted per Board minutes of 5/1/25 meeting. Effective for distributions made after 12/31/23 12/31/29 amendment deadline
26.	<u>Pension-Linked Emergency Savings Accounts (PLESAs).</u> Employers may allow non-HCEs to contribute to an emergency savings account linked to their retirement plan, subject to various guidelines (e.g., contribution limits, withdrawal amounts, etc.) ¹⁰	SECURE 2.0	Optional	N	N	Effective for plan years beginning after 12/31/23 12/31/29 amendment deadline
27.	<u>Increased Catch-Up Contribution Limits.</u> Plans may permit participants ages 60-63 to make catch up contributions up to the greater of (A) \$10,000 (as adjusted for inflation), and (B) 150% of the regular catch-up contribution limit in 2024.	SECURE 2.0	Optional	N	Y	Not adopted per email from R. Hollowell dated 8/7/2025. Effective for taxable years beginning after 12/31/24

¹⁰ Not available for non-governmental 457(b) plans.

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						12/31/29 amendment deadline
28.	<u>Payment of Premiums for Certain Long Term Care Insurance Contracts.</u> Plans may distribute up to \$2,500 per year for the payment of premiums for certain specified long-term care insurance contracts and such distributions are exempt from the 10% early withdrawal penalty.	SECURE 2.0	Optional	Y	Y	Adopted per Board minutes of 5/1/25 meeting. Earliest available effective date is 12/29/25 12/31/29 amendment deadline