



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
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 SECRETARY

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## **Correspondence Memorandum**

**Date:** July 30, 2024

**To:** Deferred Compensation Board

**From:** Shelly Schueller, Director  
 Wisconsin Deferred Compensation Program

Dan Hayes, Attorney  
 Office of Legal Services

**Subject:** SECURE 2.0 Update as of July 30, 2024

**This memo is for informational purposes only. No Board action is required.**

This memo provides an update on provisions of SECURE 2.0 that will be reviewed at the Deferred Compensation Board (Board) meeting on Sept. 12, 2024. These SECURE 2.0 sections expand distribution possibilities and are optional for the Wisconsin Deferred Compensation Program (WDC).

Section	Topic	Department of Employee Trust Funds (ETF) Analysis/Notes
<b>Section 311:</b> Repayment of Qualified Birth or Adoption Distributions (QBADs)	Requires qualified birth or adoption distributions to be recontributed within three years of the distribution to qualify as a rollover contribution.	Suggested language on adoption of this section will be reviewed and discussed as part of the "Plan and Trust Document Review and Revisions" item at the September 2024 Board meeting.
<b>Section 312:</b> Employer may rely on employee certifying that deemed financial emergency distribution conditions are met	Allows a plan to rely on a participant's self-certification that an unforeseeable financial emergency eligible for distribution has occurred, that the distribution is not in excess of the amount	ETF recommends no action at this time.

*Patti Epstein*

Reviewed and approved by Patti Epstein, Chief Benefits Officer, Division of Benefits Administration  
 Electronically Signed 08/20/2024

Board	Mtg Date	Item #
DC	09.12.24	10

Section	Topic	Department of Employee Trust Funds (ETF) Analysis/Notes
	required to satisfy the financial need, and that the employee has no alternative means reasonably available to satisfy the financial need.	
<p><b>Section 314:</b> Penalty-free withdrawal from retirement plans for individual in case of domestic abuse</p>	Permits certain penalty-free early withdrawals in the case of domestic abuse in an amount not to exceed the lesser of \$10,000 (indexed) or 50% of the value of the employee’s vested account under the plan. Such eligible distributions to a domestic abuse victim may be recontributed to applicable eligible retirement plans, subject to certain requirements.	Suggested language on adoption of this section will be reviewed and discussed as part of the “Plan and Trust Document Review and Revisions” item at the September 2024 Board meeting.
<p><b>Section 326:</b> Exception to penalty on early distributions from qualified plans for individuals with a terminal illness</p>	Creates an exception to the 10% early withdrawal penalty for distributions to individuals who have an illness or condition that is reasonably expected to result in death in 84 months or less, as certified by a physician.	Federal language in Internal Revenue Service (IRS) notice 2024-2 indicates s. 457 plans are not eligible to implement this provision.
<p><b>Section 331:</b> Special rules for the use of retirement funds in connection with qualified federally declared disasters</p>	Provides permanent special rules governing plan distributions and loans in cases of qualified federally declared disasters if their principal home was in the disaster area and they sustained economic loss as a result of the disaster. (Note: both of these must apply.)	With the May 2024 IRS release of <a href="#">FS-2024-19</a> , remaining questions related to this section were addressed and consequently this section could be administered by record keeping firms and thus adopted by plan sponsors.

<b>Section</b>	<b>Topic</b>	<b>Department of Employee Trust Funds (ETF) Analysis/Notes</b>
	<ul style="list-style-type: none"> <li>• Up to \$22,000 may be distributed to a participant per disaster,</li> <li>• Amount is exempt from the 10% early withdrawal penalty fee.</li> <li>• Inclusion in gross income may be spread over three-year period.</li> <li>• Amounts may be recontributed to a plan or account during the three-year period beginning on the day after the date of the distribution.</li> </ul>	<p>Empower's systems will be ready to implement in October 2024.</p> <p>Suggested language on adoption of this section will be reviewed and discussed as part of the "Plan and Trust Document Review and Revisions" item at the September 2024 Board meeting.</p>

ETF will continue to monitor developments related to SECURE 2.0 and provide updates to the Board.

Staff will be at the Board meeting to answer any questions.