

MEMO# 35860

September 20, 2024

IRS Issues Notice 2024-65, RFI on Saver's Match

[35860]

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TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension

Tax RE: IRS Issues Notice 2024-65, RFI on Saver's Match

On Sept. 5, 2024, IRS and Treasury issued Notice 2024-65, Request for Comment Regarding Implementation of Saver's Match Contributions.[\[1\]](#) The Notice poses 29 broad questions seeking detailed input from all interested stakeholders to inform IRS and Treasury as they work to implement Saver's Match contributions pursuant to the SECURE 2.0 Act sections 103 and 104.[\[2\]](#) The Notice specifically identifies interested stakeholders as including (but not limited to) eligible individuals, volunteer and for-profit tax preparers, organizations that serve and advise eligible individuals, IRA custodians and trustees, and retirement plan administrators, recordkeepers, and sponsors.[\[3\]](#)

SECURE 2.0 Act sections 103 and 104

The Notice provides a detailed summary of both section 103 and section 104. Section 103, which is effective for taxable years beginning after December 31, 2026, modifies the Saver's Credit[\[4\]](#) for retirement plan contributions by making the credit refundable and requiring the credit to be deposited as a matching contribution into a retirement account (including for contributions to a traditional or Roth IRA; elective deferrals to a 401(k) plan, 403(b) plan, governmental 457(b) plan, SIMPLE IRA, or SEP plan; voluntary after-tax contribution to a qualified retirement plan or annuity or 403(b) plan; and contributions to a Code section 501(c)(18) plan). The match is 50 percent of up to \$2,000 in aggregate contributions to any such plans by an eligible individual, phasing out at certain income limits (for a total match of up to \$1,000). If the amount of the match is less than \$100, an individual may elect to receive the amount as a refundable income tax credit. The Saver's Match cannot be withdrawn without incurring penalties, including repayment to the Treasury Department in some cases where the Saver's Match is withdrawn from an individual retirement account before retirement.

Section 104 directs Treasury to take steps to increase public awareness of the Saver's Match and to provide a report to Congress regarding its anticipated promotional efforts no

later than July 1, 2026. The report must describe plans for (i) the development and distribution of digital and print materials, including the distribution of such materials to states for participants in state facilitated retirement savings programs, (ii) the translation of these materials into the 10 most commonly spoken languages in the US after English, and (iii) communicating the adverse consequences of early withdrawal from an applicable retirement savings vehicle to which a matching contribution has been paid, including the operation of the Saver's Match Recovery tax rules and associated early withdrawal penalties; as well as such other information as the Secretary of Treasury determines is necessary.

Notice 2024-65

The Notice requests comments in seven broad areas, as detailed below.

- Eligibility for Saver's Match contributions (Qs 1-2).
 - What practical considerations should Treasury and IRS should take into account in guidance as to an individual's eligibility for Saver's Match contributions?
 - What barriers do individuals and underserved communities face in making qualified retirement savings contributions?
- How Saver's Match contributions are claimed (Qs 3-6).
 - What considerations should Treasury and IRS take into account regarding the method by which eligible individuals claim a Saver's Match contribution?
 - How should evidence of an individual's modified adjusted gross income and tax filing status, which information is part of determining eligibility for Saver's Match contributions, be provided to IRS?
 - How can the procedure to claim Saver's Match contributions be simplified?
 - What considerations are relevant to implementing the option to take a match of less than \$100 as an income tax credit? Should there be a default election for this option?
- How to designate the destination for Saver's Match contributions (Qs 7-11).
 - How should individuals designate an IRA or a retirement plan as the destination for Saver's Match contributions?
 - How should IRS provide allocation directions to trustees or other service providers as to the allocation of Saver's Match funds? Possible approaches include providing directions in an addenda record associated with an ACH transaction, a registration process whereby service providers could access allocation instructions in another format, or another approach.
 - What steps can be taken to ensure Saver's Match funds are correctly applied, including steps to prevent disbursement of contributions to an ineligible account such as a Roth IRA? This includes situations where an eligible individual may provide account and routing information directing funds to an ineligible retirement account.
 - What considerations are there regarding the treatment of erroneous Saver's Match contributions?
- How the Treasury Department completes Saver's Match contributions (Qs 12-16).
 - How can Treasury and IRS assist eligible individuals who contribute to a Roth IRA and do not participate in any other plan that accepts Saver's Match contributions?
 - Would a website FAQ (similar to FAQs associated with Form 8888, which permits a taxpayer to designate an IRA for receipt of tax refunds) with respect to payment of Saver's Match contributions to a designated IRA or retirement plan be helpful?

- What practical and administrative considerations are relevant to the process for contributing Saver's Match funds to eligible plans? For example, would remitting each contribution via a separate ACH transaction create issues? Alternatively, should a procedure be developed whereby multiple individuals' Saver's Match contributions are batched together with respect to either a particular plan or a particular plan service provider, trustee, or custodian?
- What considerations should IRS and Treasury take into account if the Saver's Match contribution cannot be completed (for example, if an eligible individual claims a Saver's Match contribution, but does not properly designate an eligible plan to receive the Saver's Match contribution, makes a mistake in entering information relating to the designated plan, or ceases to participate in the designated plan prior to the payment of the Saver's Match contribution)? For example, should a default destination be developed (perhaps modeled after rules for automatic portability transactions with respect to automatic cash-outs of small retirement plan benefits)?
- Should Treasury/IRS develop a process for sending an eligible plan information in advance about upcoming Saver's Match contributions to the plan? (The Notice analogizes this to the process whereby payroll providers preview retirement plan contributions with plans.) If so, how could this process be implemented to both minimize burdens on stakeholders and address privacy concerns?
- Saver's Match recovery tax on specified early distributions (Qs 17-20).
 - How can IRS facilitate calculating and reporting the Saver's Match recovery tax on early distributions?
 - What guidance would be helpful for calculating not only the tax and allocable investment losses (which may reduce the recovery tax), but also for determining reductions in the recovery tax for applicable recontributions of certain early distributions? For recontributions, would the method used for reporting recontributions of qualified disaster distributions on Form 8915-F provide a model for Saver's Match early distribution recontributions?
- Reporting and disclosure (Qs 21-22).
 - How can applicable forms, including Form 5500 and Form 5498, be amended (to require reporting of Saver's Match contributions received) in a manner that reduces administrative burdens for plans and IRA trustees and custodians?
 - What information (such as an annual notice) should be required to be made available to assist eligible individuals in determining whether an IRA or retirement plan will accept Saver's Match contributions? If an annual notice is required, what information should be included to encourage eligible individuals to claim Saver's Match contributions?
- Miscellaneous items (Qs 23-29).
 - Are there impacts on federal law (other than the Code), as well as on state or local laws, which are a cause for concern regarding the operation of the rules for Saver's Match contributions?
 - Are there methods or procedures not discussed elsewhere in the Notice that would reduce the costs and administrative burdens of implementing Saver's Match contributions, encourage retirement plans to accept Saver's Match contributions, and streamline the process for eligible individuals to claim Saver's Match contributions?
 - What considerations should Treasury/IRS take into account regarding the timing and content of required plan amendments, including for preapproved plans and IRAs? What guidance would be helpful?
 - What additional efforts (aside from written guidance, publications, and updated

forms and instructions) would be helpful to promote and increase public awareness of Saver's Match contributions?

- Are there ways that Treasury/IRS can use innovative technology, such as blockchain, to facilitate Saver's Match contributions?
- What if any guidance would be helpful to facilitate the transition from the Saver's Credit to Saver's Match contributions?
- What guidance (if any) would be helpful to plan administrators in implementing the section 103 requirement that Saver's Match contributions are not treated as amounts that may be paid, made available, or distributable in the case of hardship distributions or unforeseeable emergency distributions?

Comments are due on or before November 4, 2024.

David Cohen

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Notes

[1] IRS Notice 2024-65, Request for Comment Regarding Implementation of Saver's Match Contributions ("Notice"), available at <https://www.irs.gov/pub/irs-drop/n-24-65.pdf>.

[2] For a summary of the SECURE 2.0 Act, see ICI Memorandum No. 34795, dated January 12, 2023, available at <https://www.ici.org/memo34795>.

[3] Notice, p.8.

[4] The existing Saver's Credit is provided under section 25B of the Internal Revenue Code ("Code"). Effective for tax years beginning after December 31, 2026, the SECURE 2.0 Act replaces the credit available under section 25B with the Saver's Match under new section 6433 of the Code.