contribution to an employee's retirement plan account based on the individual's student-loan payment amount. The provision is "an innovative solution to help people who otherwise wouldn't be able to save at an age where they have a long-term saving horizon," Transamerica's Collinson says.

A revamped Saver's Credit. Beginning in 2027, the Saver's Credit, which is designed to encourage low- and moderate-income workers to save for retirement, will be renamed the Saver's Match and expanded. Eligible individuals will receive a credit of up to 50% of the first $2,000 contribution to an IRA or other retirement plan. Instead of reducing the individual's tax bill, the credit will be deposited directly into a retirement account. The match phases out for single taxpayers with income between $20,500 and $35,500; for married taxpayers who file jointly, the match phases out at income between $41,000 and $71,000.

Collinson says these changes could result in a significant increase in participation in this program. "A matching contribution is part of our national dialogue about retirement because it's common with employer matching contributions," she says. "It could inspire more people to start saving."

Roths for more plans. Starting in 2023, participants in SEP and SIMPLE plans will be permitted to make after-tax contributions to a Roth account. Previously, contributions to these plans, which provide a way for self-employed workers and employees of small businesses to save for retirement, were required to go into pretax accounts.

Faster access to employer plans for part-timers. Currently, employers are required to allow part-time employees to participate in their retirement plan after they've worked at the company for at least 500 hours a year for three years, or over 1,000 hours for one year. Starting in 2025, the eligibility threshold will decline to 500 hours a year for two years.

New emergency savings accounts. According to Transamerica, workers have a median amount of $5,000 in savings for emergencies, and 14% of employees have no emergency savings at all. That shortfall compels some workers who have fallen on hard times to tap their retirement-savings plans, which can jeopardize their retirement security. (For more on hardship withdrawals, see the box on page 58.) Starting in 2024, employers will be allowed to offer employees a Roth-like emergency savings account of up to $2,500 a year, which could include matching contributions. Employees will be permitted to take up to four tax- and penalty-free withdrawals a year. The accounts will only be available for non-highly-compensated employees, which the IRS defines as workers who earn less than $150,000 in 2023. ■

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ABLE ACCOUNTS

More Options for People With Disabilities

Although most of the changes in SECURE Act 2.0 concern retirement savings, the legislation also includes provisions that will allow more people with disabilities to save for a variety of financial goals.

Starting in 2026, individuals who became disabled before age 46 will be eligible to open an ABLE account, a tax-advantaged account that allows individuals to save for ongoing expenses without threatening their eligibility for government benefits. Previously, ABLE accounts were only available for individuals who became disabled before their 26th birthday.

Tom Foley, executive director for the ABLE National Resource Center, says the change will allow an additional 6 million to 8 million people to qualify for ABLE accounts, including up to 1 million veterans.

First established in 2014, ABLE accounts (the acronym stands for Achieving a Better Life Experience) allow individuals with disabilities, as well as their families, friends or even strangers, to contribute to a tax-advantaged account that can be used to pay for a broad range of expenses, including housing, transportation and college tuition. Before ABLE accounts were created, individuals with disabilities who had more than $2,000 in total assets were ineligible for Supplemental Security Income or Social Security Disability Insurance, making it difficult for them to live independently.

Annual maximum contributions are tied to the IRS gift tax exclusion, which is $17,000 in 2023. Contributions aren't deductible from federal taxes, but several states allow residents to deduct a portion of their contributions from state income taxes. Michigan, for example, allows residents who contribute to its ABLE account to deduct up to $5,000, or $10,000 for a married couple.

Foley, who conducts ABLE account seminars around the country, says the accounts have been a "game-changing experience" for people who want to save for a home or other long-term goal. However, the age cutoff for ABLE accounts significantly limited the number of people who could take advantage of them, he says. During training sessions, "someone would put up a hand and say, 'I got sick,' or 'I was in a traffic accident,' or 'I'm a vet and have a battle-induced injury that happened at age 28—am I eligible?' and I had to say no," Foley says. "As of January 2026, anyone who is up to age 46 we can say yes to."

All but four states—Idaho, North Dakota, South Dakota and Wisconsin—offer ABLE programs, and if you live in a state that doesn't offer one, you can create an account offered by another state. For more information about opening an account, go to the ABLE National Resource Center, www.ablenrc.org.