



Functional Requirements Document (FRD)

Project#	Project Title:	Date Prepared:
75337	NFC Secure 2.0 Act Higher Catch-up Limits for Age 60-63	07/23/2024

Version:	As of:
2.0	10/07/2024

Scope:	<p>The Secure 2.0 Act. Section 109, Higher catch-up limit to apply at age 60, 61, 62, and 63. Under current law, employees who have attained age 50 are permitted to make catch-up contributions under a retirement plan in excess of the otherwise applicable limits. The limit on catch-up contributions for 2024 is \$7,500. Section 109 increases these limits to the greater of \$10,000 or 50 percent more than the regular catch-up amount in 2025 for individuals who have attained ages 60, 61, 62 and 63. The increased amounts are indexed for inflation after 2025. Section 109 is effective for taxable years beginning after December 31, 2024.</p> <p>Impacted plan codes are:</p> <p>FERS/CSRS 401k Plan Codes '01', '02', '98' and '99'</p> <p>NAFI 401k Plan Codes 'TA', 'TC', 'TD', 'TE', 'TF' and 'EE'</p>
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Assumptions:	<ul style="list-style-type: none"> - The Employee eligibility is for calendar the year that employee turns age 60, 61, 62 and 63. The eligibility stops the calendar year the employee turns age 64. - We will likely always use the 1.5 times the regular catch-up limit as the contribution ceiling since that will always be greater than \$10,000. (\$10,000 would only be the greater value if congress updated the statue to go from the current \$7,500 limit to a limit below \$6,700.) - $\\$7,500 * 1.5 = \\$11,250$ will always index off of whatever base catch-up contribution limit that is set annually by IRS - Participants will not need to make any change to their catch-up elections in order for Section 109 to go into effect
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- The 1705 and 1703 reports will have the same reject codes but will have Section 109 updates.
- TSP will send a new information only 1009 report with nightly standard EDTS reports to help payroll offices identify employees turning ages 60 - 63 in the incoming calendar year but with whom no additional contributions have been added. (i.e. if employee catch-up contribution reached \$7,500 then stopped. This will remind them that they can contribute more up to \$11,250.)
- In Fall 2024, TSP will send a one-time notice to eligible participants turning age 60- 63 in calendar year 2025.

NOTE: V2 modification is in PWSB - EPP system.

Functional Requirements

Payroll Applications Systems Branch (PASB) Requirements

- Add additional age related PACS/PAYE coding for employees aged 60-63 to allow eligible employees to make catch-up contributions indexed at 1.5 of the IRS catch up limit (currently up to 11,250) for the following TSP Plan Codes:
 - a. FERS/CSRS 401k Plan Codes 01, 02, 98 and 99
 - b. NAFI 401k Plan Codes 'TA', 'TC', 'TD', 'TE', 'TF' and 'EE'
- 1. Employee eligibility to make catch-up contributions indexed at 1.5 of the IRS catch up limit (currently up to 11,250) starts the calendar year that employee turns age 60, 61, 62 and 63.
- 2. The eligibility to make catch-up contributions indexed at 1.5 of the IRS catch up limit (currently up to 11,250) stops the calendar year the employee turns age 64.
- The employee catch-up to the appropriate IRS dollar limit (currently 7,500) the limit returns calendar year the employee turns age 64.

Personnel Applications Systems Branch (PESB) Requirements

"Not Applicable"

Administrative Applications Systems Branch (AASB) Requirements

"Not Applicable"

Payroll Web Systems Branch (PWSB) Requirements

SPPS Web:

The system will be modified to include additional requirements:

- Plan Codes: FERS/CSRS 401k Plan Codes '01', '02', '98' and '99' - and/or- NAFI 401k Plan Codes 'TA', 'TC', 'TD', 'TE', 'TF' and 'EE'.
- Determine if the employee is age 60, 61, 62, or 63 in the calendar year -or- will be attaining ages 60, 61, 62, or 63 during the calendar year.
- The catch-up limit will be (up to) indexed at 1.5 of the IRS catch up limit.
- The catch-up limit returns to the appropriate IRS dollar limit the calendar year the employee turns age 64.

EPP:

In the 'TSP Catch-Up' selection tab on the 'Thrift Savings Plan Catch-Up (Federal and Non-Federal) screen, EPP will be modified to include the following additional statement:

TSP Section 109 of SECURE Act 2.0 (Higher catch-up limit to apply at age 60, 61, 62, and 63) increases the catch-up contribution limit for active participants ages 60, 61, 62, or 63 -OR- turning 60, 61, 62, or 63 in the calendar year will be indexed at 1.5 of the IRS catch up limit. The employee's date of birth must be accurate in the NFC System to ensure eligibility for higher catch-up contribution limits, with no opt-in required.

For more information: <https://www.tsp.gov/bulletins/24-2/>

Administrative Web Systems Branch (AWSB) Requirements

"Not Applicable"

Human Resources Applications Branch (HRAB) Requirements

External Vendor Requirements

"Not Applicable"