

Financial Corner

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SECURE Act 2.0: Guidance for School Superintendents in New Jersey

Introduction & Overview

The Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0, signed into law in December 2022, introduces significant changes to retirement savings plans across the country. As leaders of New Jersey school districts, you play a pivotal role in ensuring your employees—teachers, staff, and administrators—understand and benefit from these changes.

This document highlights the key provisions of SECURE Act 2.0 that impact public education employers and provides practical steps for school districts to prepare for compliance while supporting the financial well-being of your employees.

Why It Matters to New Jersey Schools

- School districts often serve as sponsors of 403(b) or 457(b) retirement savings plans.
- The Act introduces new requirements and opportunities for employers, including enhanced savings options.
- Administrators must ensure compliance with federal law while coordinating with state-level retirement programs.

Key Provisions Affecting School Districts

1. Catch-Up Contributions

Starting in 2025, employees aged 60–63 will be able to make larger catch-up contributions (the greater of \$10,000 or 150% of the standard catch-up amount). Beginning in 2026, employees earning over \$145,000 annually must make these contributions on a Roth (after-tax) basis.

2. Required Minimum Distribution (RMD) Age Changes

The RMD age increased to 73 in 2023 and will rise to 75 in 2033. This change allows employees to keep their retirement funds invested longer, particularly beneficial for educators who work later into their careers.

Action Steps for New Jersey Superintendents

Steps to Take Now

- Review your district's retirement plan offerings (403(b), 457(b), or others) for compliance with new federal rules.
- Prepare to implement Roth catch-up contributions for high earners starting in 2026.
- Collaborate with plan providers and benefits consultants, TPAs to align with SECURE Act 2.0 requirements.

Supporting Your Employees

- Provide training sessions for HR and benefits staff to understand the new rules.
- Host informational sessions for teachers and employees about expanded savings opportunities.
- Encourage financial literacy programs to help staff maximize their retirement benefits.
- Communicate changes clearly and proactively to avoid confusion or misinformation.

New Jersey–Specific Considerations

New Jersey participates in both federal retirement plan regulations and state-sponsored initiatives. School districts should monitor guidance from the New Jersey Department of Education, the Division of Pensions and Benefits, and federal agencies such as the IRS and Department of Labor to ensure compliance.

Conclusion

The SECURE Act 2.0 provides an opportunity to strengthen retirement readiness for educators and staff across New Jersey. By taking proactive steps now, superintendents can ensure compliance, support employee financial security, and enhance the overall benefits package offered by their districts.

If you need assistance with this or any other pension and retirement topics, don't hesitate to contact Ginger Thompson at gingert@njasa.net to request an appointment with Carmine Anzalone.