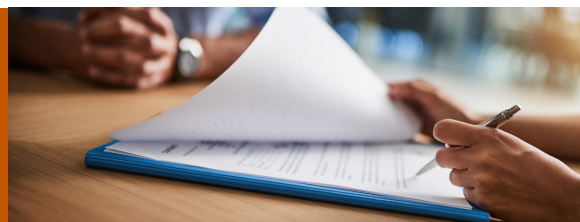


JO Knows LTPT Rules Under SECURE Acts

MAY 14, 2025 | BY: THE EMPLOYEE BENEFIT PLAN TEAM



In an effort to expand the availability of employer-sponsored retirement plans to part-time workers, the original SECURE Act and SECURE 2.0 included provisions to allow for long-term part-time (LTPT) employees to participate. While these rules are in effect currently, here's a recap of the details:

Under the original SECURE Act of 2020, employees who complete three consecutive years during which they complete at least 500 hours of service, and who otherwise meets the plan's age and entry date requirements, must become eligible to make elective deferrals to their employer-sponsored 401(k) plan. Employees who satisfy this service requirement are referred to as LTPT employees. These rules apply for plan years beginning on or after December 31, 2020, meaning that the first year LTPT employees might have the requisite number of hours for three consecutive years, and thus become eligible for 401(k) plan enrollment, would be the first plan year beginning on or after December 31, 2023—i.e., January 1, 2024, for calendar year plans.

SECURE 2.0 was enacted in 2022 and further expanded the LTPT employee rules to allow employees who work at least 500 hours for two consecutive years to participate in their employer-sponsored 401(k) plan. SECURE 2.0 also extended the application of the LTPT rules to 403(b) plans as the original SECURE Act was exclusive to 401(k) plans. The first year LTPT employees under this Act might have the requisite number of hours for two consecutive years, and thus become eligible for 401(k) or 403(b) plan enrollment, would be the first plan year beginning after December 31, 2024—i.e., January 1, 2025, for calendar year plans.

In summary, the original SECURE Act rules taking effect in 2024 looks at hours in 2021-2023, while SECURE 2.0 rules taking effect in 2025 looks at hours in 2023-2024.

Plan sponsors should have worked with their service providers to review plans and systems to ensure they were in compliance with both SECURE Acts – the original SECURE Act as of January 1, 2024 and SECURE 2.0 as of January 1, 2025. While most plan documents are not required to be formally amended until December 31, 2026, administrative policies should be maintained by plan sponsors for any provisions of the SECURE Acts, including the LTPT rules, for which the plan is following prior to the amendment date.

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