

# New Secure 2.0 Act In-Service Distribution Options

**Credit to John Hancock for the below table  
summarizing the new in-service distribution options**

Notes below are LAR Pension's comments.

Withdrawal type <sup>1</sup>	Dollar limit	Three-year repayment permitted	Self-certify	Exempt from early penalty tax	Special rules	Please be aware that ALL of these features are <b>OPTIONS</b> that the <b>EMPLOYER</b> can adopt at any time. Only rule is that it must be available to everybody.
Emergency personal expense (Section 115)	Lesser of \$1,000, or the amount of vested balance that exceeds \$1,000	Yes	Yes	Yes	One per 3-year period unless repaid (or contributions made at least equal to prior withdrawal) but no more than one per calendar year; distributable event except from pension assets; excludes DB plans	<b>Generally not advisable. Too much extra admin work and the recurring distribution fees will likely destroy any benefit of participating at all.</b>
Qualified birth or adoption (QBAD) (Section 311)	\$5,000 per individual per child	Yes	Yes	Yes	Within 1 year of the birth or adoption; repayment period ends on 12/31/25 for QBADs taken prior to 12/29/22; distributable event except from pension assets; excludes DB plans	<b>First introduced in 2020, this one has proven to be a reasonable request. The participant has 3 years to repay, if they wish to. Repayments should be in a lump sum.</b>
Domestic abuse (Section 314)	Lesser of \$10,000 (indexed) or 50% of vested balance	Yes	Yes	Yes	Within the 1-year period during which the participant was a victim of domestic abuse; distributable event; excludes pension assets (i.e., excludes money purchase and DB plans)	<b>Employer may allow the participant to self-certify, making the feature itself vulnerable to abuse. Probably best to disable until somebody asks for it.</b>
Terminal illness (Section 326)	No limit	Yes	?	Yes	Does not create a new distributable event	<b>Physician must certify &lt;7 years to live .</b>
Qualified disaster (Section 331)	\$22,000 per qualified disaster	Yes	?	Yes	Distributable event, including money purchase plan assets; excludes DB plans	<b>Federal government must certify disaster status and Plan can always adopt after the fact if desired.</b>
Qualified long-term care distributions (Section 334)	Lesser of insurance cost, 10% of vested balance, or \$2,500 (indexed), per calendar year	No	No	Yes	Insurance must satisfy certain long-term care coverage requirements; distributable event except from pension assets; excludes DB plans	<b>Good idea, but not available until 2026 .</b>
Hardship (Section 312)	Amount of need	No	Yes, if safe harbor reason	No	Must first obtain all other currently available distributions; distributable event except from pension assets; excludes DB plans	<b>Already available, our preferred choice, it is not necessary to take a loan at all. The employer may allow participants to self-certify, and the liability falls on the participant.</b>
Pension-linked emergency savings account (PLESA) (Section 127)	Amount not to exceed the PLESA (limited to \$2,500 plus earnings)	No	N/A	N/A	Distributions permitted (at least one per month) at the discretion of the participant; treated as a qualified Roth distribution; no fees permitted for the first four withdrawals each plan year	<b>This one may prove useful for innovative plan designs in the future but it's not for everybody and we are not suggesting it at this time .</b>