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Final regulations: Automatic enrollment requirements under section 414A

The U.S. Treasury Department and IRS today issued **final regulations** (T.D. 10061) providing guidance with respect to the automatic enrollment requirements that apply to certain retirement plans under section 414A.

The final regulations reflect statutory changes made by the "SECURE 2.0 Act of 2022" (SECURE 2.0 Act) requiring that certain cash or deferred arrangements and salary reduction agreements be eligible automatic contribution arrangements that satisfy additional specified requirements.

- The final regulations add new regulations under section 414A, which was added to the Code by section 101 of the SECURE 2.0 Act and provide that certain retirement plans must automatically enroll employees.

- The final regulations also include amendments to the regulations under section 414(w) that reflect the application of section 414A and the exception to the notice requirements for unenrolled participants set forth in section 414(bb), as added to the Code by section 320 of the SECURE 2.0 Act.

- The amendments to Treas. Reg. § 1.414(w)-1 also address section 402A(e)(5)(C), which was added to the Code by section 127 of the SECURE 2.0 Act, as well as section 341 of the SECURE 2.0 Act, which permit the consolidation of certain notices required under the Code and ERISA.

The final regulations adopt proposed regulations issued in January 2025, with certain changes in response to the comments received. According to the related IRS release—**IR-2026-141** (November 17, 2026)—the final regulations:

- Clarify statutory exceptions for qualifying small and new businesses, governmental plans, church plans, and SIMPLE 401(k) plans
- Give employers flexibility in the timing and amount of automatic contribution increases, within statutory limits
- Simplify plan communications by allowing certain required notices to be combined and reducing annual notice requirements for qualifying employees who are not participating, provided they receive annual reminders and any plan documents they are entitled to request
- Explain how automatic enrollment requirements apply following plan mergers

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The final regulations generally apply to plan years beginning after December 31, 2027. Consistent with the proposed regulations, the final regulations provide that, for prior plan years, a reasonable, good faith interpretation standard applies with respect to section 414A. The preamble to the final regulations states that Treasury and the IRS have determined that this applicability date provides an adequate period for implementation of the provisions of the final regulations, including with respect to multiemployer plans or other plans that are maintained pursuant to one or more collective bargaining agreements.

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