Oracle Fusion Cloud Human Resources

How Do I Configure for SECURE 2.0 Act?

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How to Configure HCM Cloud Payroll for SECURE 2.0 Act

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How to Configure Payroll for SECURE 2.0 Act

One of the main objectives of SECURE 2.0 Act of 2022 is to make it more attractive for employers to offer retirement plans and improve retirement outcomes for their employees.

This configuration document describes the steps you need to perform to configure HCM Cloud Payroll to comply with these provisions within this Act.

Title and section	Description	Notes
Title I - Section 109	As of January 1, 2025, age-based catch-up limits have been increased for individuals aged 60 to 63 to the greater of: • $10,000 • 50% more than the regular catch-up amount These amounts are adjusted yearly to match the projected cost of living. **Note:** The US Treasury Department and the IRS are still considering whether to make enforcement of these increased limits required for employers.	These limits are enabled by default once you upgrade your deferred compensation elements using the Feature Upgrade flow. If you aren't currently offering these increased catch-up limits, you can override them through the Calculation Value Definition task. For further info, see Override Deferred Compensation Catch-Up Limits for Ages 60 Through 63 in the Help Center.
Title I – Section 110	As of January 1, 2024, qualified student loan payments can be treated as elective deferrals for the purposes of (employer) matching contributions.	This is optional. For further info, see Configure Employer-Match Contributions for Qualified Student Loan Payments in the Help Center.
Title VI -– Section 603	As of January 1, 2026, all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. Employees are exempt if their compensation in eligible pay is $145,000 or less (indexed) in the prior calendar year.	This is mandatory for payroll processing. For further info, see Eligibility for Pretax Catch-Up Contributions for Deferred Compensation Plans in the Help Center.

Note: Refer to the US legislative announcements and product release notes for the latest info regarding support of additional features of this act.

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For further info, see the following.

- Secure 2.0 Section by Section Summary on the senate.gov website

- H.R.2954 - Securing a Strong Retirement Act of 2021 on the congress.gov website

- Notice 2024-2 – Miscellaneous Changes Under the SECURE 2.0 Act of 2002 on IRS.gov website

- Notice 2025-00350 – Catch-Up Contributions on federalregister.gov website

Related Topics
- How to Configure Employer-Match Contributions for Qualified Student Loan Payments
- Eligibility for Pretax Catch-Up Contributions for Deferred Compensation Plans
- How do I display the Eligible for Pretax Age Catch-Up field?
- How the Payroll Process Determines Pretax Catch-Up Contribution Eligibility
- How to Override Deferred Compensation Catch-Up Limits for Ages 60 Through 63
- Oracle Cloud United States Payroll Legislative Announcements

Eligibility for Pretax Catch-Up Contributions for Deferred Compensation Plans

Per the SECURE 2.0 Act, all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. Employees earning less than $145,000 in eligible pay (indexed) in the prior calendar year can continue to make age-based pretax catch-up contributions to their deferred compensation plans.

> **Note:** It's your responsibility to accurately identify the employees who are eligible to participate in an age-based Pretax or Roth catch-up program and enroll them in appropriate plans.

Pretax catch-up contributions apply to these plan types.

- 401 (k)
- 403 (b)
- 457 (b)

For further info, see the Oracle Fusion Cloud Human Resources Implementing Benefits Guide on the Help Center.

Opt-out individual employees

By default, all employees are eligible for enrollment in age-based Pretax Catch-up contribution plans. This is reflected by the **Yes** setting on **Eligible for Pretax Age Catch-Up Contributions** in their Reporting Information card.

This includes catch-up contributions for employees who have enrolled in and contribute to a pretax deferred compensation plan, such as 401 (k), 403 (b), and 457 (b).

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You must manually opt-out employees who:

- Are ineligible to contribute to an age-based pretax catch-up plan

  Note: It's your responsibility to ensure employee eligibility and ineligibility.

- Have requested to opt out (such as high earners)

To opt-out an employee, do the following prior to processing the first payroll of the calendar year:

1. Start the Calculation Cards task.
2. Search for and select the person.
3. Open their Reporting Information card for editing.
4. Add the **Reporting Information** calculation component under the **Federal** component group if it doesn't already exist.
5. Under the calculation component details, set **Eligible for Pretax Age Catch-Up Contribution**s to **No**.
6. Click **Save and Close**.

You can do this for multiple employees through HCM Data Loader. See the next section for instructions.

Update calculation cards with HDL

You can use HCM Data Loader (HDL) to enable or disable these contributions for multiple employees.

Here's a sample `CalculationCard.dat` file you can use as a template.

```
METADATA|CalculationCard|LegislativeDataGroupName|DirCardDefinitionName|PayrollRelationshipNumber|
EffectiveStartDate|EffectiveEndDate|CardSequence
MERGE|CalculationCard|PM US Sun Power|Reporting Information|300100006485851|2023/01/01|4712/12/31|1

METADATA|CardComponent|LegislativeDataGroupName|DirCardDefinitionName|PayrollRelationshipNumber|
EffectiveStartDate|EffectiveEndDate|DirCardCompDefName|CardSequence|ComponentSequence|Context1
MERGE|CardComponent|PM US Sun Power|Reporting Information|300100006485851|2023/01/01|4712/12/31|Reporting
 Information|1|1|

METADATA|ComponentDetail|LegislativeDataGroupName|DirCardDefinitionName|PayrollRelationshipNumber|
CardSequence|EffectiveStartDate|EffectiveEndDate|DirCardCompDefName|ComponentSequence|
DirInformationCategory|FLEX:Deduction Developer DF|_LEGAL_REPRESENTATIVE_Display(Deduction
 Developer DF=HRX_US_REP_REL)|_CORPORATE_OFFICER_Display(Deduction Developer
 DF=HRX_US_REP_REL)|_ELIGIBLE_FOR_RETIREMENT_PLAN_Display(Deduction Developer
 DF=HRX_US_REP_REL)|_PROBATIONARY_CODE_Display(Deduction Developer DF=HRX_US_REP_REL)|
_REP_LOC_FOR_WORK_AT_HOME_Display(Deduction Developer DF=HRX_US_REP_REL)|
_FAMILY_MAJORITY_INTEREST_Display(Deduction Developer DF=HRX_US_REP_REL)|
_ADP_SPCL_PROC_REQ_DisplayValue(Deduction Developer DF=HRX_US_THIRD_PARTY_INTERFACES)|
_ADP_SPCL_SORT_CODE(Deduction Developer DF=HRX_US_THIRD_PARTY_INTERFACES)|
_US_ELIGIBLE_FOR_PRETAX_CATCHUP(Deduction Developer DF=HRX_US_REP_REL)
MERGE|ComponentDetail|PM US Sun Power|Reporting Information|300100006485851|1|2023/01/01|4712/12/31|
 Reporting Information|1|HRX_US_REP_REL|HRX_US_REP_REL|||||||||N
```

Use the database item

The ORA_HRX_US_REP_CARD_ELIGIBLE_PRETAX_CATCHUP database item captures the value of the **Eligible for Pretax Age Catch-Up Contributions** field. You can use this item in any of your fast formulas to read the value.

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Related Topics

How the Payroll Process Determines Pretax Catch-Up Contribution Eligibility

The payroll process determines whether each employee is eligible for any pretax catch-up contributions offered through your deferred compensation plans.

When you run payroll, the process:

1. Checks whether the employee has opted in or out of these age-based catch-up contributions, and identifies the appropriate pretax catch-up element based on:
   - Associated element entry, such as 401k Pretax Catch-Up
   - **Employee Catch-Up Contribution** is set to **Yes** on their 403 (b) or 457 (b) card components
2. Checks whether the employee is 50 years or older in the current calendar year.
3. Checks whether the employee is marked as eligible for these contributions in their Reporting Information card.
4. Based on these results, if the employee is eligible and opted in, the process calculates the deduction. Otherwise, it sets the deduction to $0.

Related Topics

How do I display the Eligible for Pretax Age Catch-Up field?

The **Eligible for Pretax Age Catch-Up Contributions** field automatically displays on your employees' Reporting Information calculation card. However, if it doesn't, follow these steps to enable.

1. Start the Manage Descriptive Flexfields task.
2. Search for the **Deduction Developer DF** flexfield code.
3. Click **Deploy Flexfield**.
4. Click **Done**.

Related Topics

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How to Configure Employer-Match Contributions for Qualified Student Loan Payments

Section 110 under the SECURE 2.0 Act allows employees to receive matching contributions for the repayment of their student loans. The payroll process treats these student loan payments as elective deferrals for the purpose of matching contributions. Their annual contribution limits still apply.

> **Note:** This is in addition to existing employer-match contributions. If you choose to offer matching contributions on qualified student loan payments, you must match in the same manner that you would other contributions under your plans.

Steps include:

1. Configure the elements.
2. Configure the balances.
3. Configure the employer-match Fast Formula.

Configure the elements

Use the Elements task to define separate employer-match elements for each eligible plan you offer.

- 401 (k)

- 403 (b)

- 457 (b)

When defining the elements, use the Pretax Deductions primary classification and the Deferred Compensation 401k secondary classification.

> **Note:** In this case, you use the Deferred Compensation 401k secondary classification even for 403 (b) and 457 (b) plans.

If you're processing the student loan payments outside Oracle Cloud HCM, create an information element to track those amounts in payroll.

What you want to do	How you do it
Define the employer-match elements	1. Start the Elements task. 2. Select **Pretax Deductions** as the primary classification and **Deferred Compensation 401k** as the secondary classification.

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What you want to do	How you do it
	3. Configure your element by answering all necessary template questions per your business requirements. Select **No** for these questions. ○ Should the element have an associated catch-up element? ○ Should the element have an associated Roth element? ○ Should the element have an associated after-tax element? 4. Select that this element has an associated employer-match element with employee contributions. 5. Click **Submit**. 6. Configure element eligibility links for the Employer Match and Employer Match Results indirect elements. Create links for these employer-match indirect elements only. Don't create them for the other indirect elements. 7. Repeat these steps to create separate employer-match elements for each of your eligible plans. Use the same Deferred Compensation 401k secondary classification to configure the employer-match elements for student loan payment matching under your eligible 401 (k), 403 (b), and 457 (b) plans.
Define information elements for qualified student loan payments	If you are processing the student loan payments outside Oracle Cloud HCM, create an information element to track those amounts in payroll. 1. Start the Elements task. 2. Select **Information** as the primary classification. 3. Complete the applicable template questions for your element, and click **Submit**. 4. Update the element to add the following. ○ Element eligibility ○ Qualified Loan Payment Amount input value i. Select **Primary output value** as the special purpose. ii. Set the display sequence to **1**. iii. Select **Money** as the unit of measure. iv. Select **Display** and **Allow User Entry**. 5. Click **Submit**.

Configure balances

Configure these balances.

Balance name	What you do
Deferred Compensation Qualified Payments	If you are using an Information element to track student loan payments processed outside Oracle Cloud HCM or have defined a deduction element, you must add those element feeds to the Deferred Compensation Qualified Payments balance. 1. Start the Balance Definitions task. 2. Select your US legislative data group (LDG), and search for **Deferred Compensation Qualified Payments**. 3. Under **Balance Feeds by Element**, add your qualified student loan payment elements. 4. Select the input value that has the payment amount.

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Balance name	What you do
	5. Select **Add**. 6. Click **Submit**.
Deferred Compensation 401k Employer Match	When you defined the employer-match elements, the template automatically creates feeds to the Deferred Compensation 401k Employer Match balance. You must delete these feeds. 1. Start the Balance Definitions task. 2. Select your US LDG, and search for **Deferred Compensation 401k Employer Match**. 3. Under **Balance Feeds by Element**, select the Employer Match Results element. 4. From **Actions**, select **Delete Balance Feed by Element**. 5. Click **Continue** to dismiss the warning. 6. Click **Submit**.
Deferred Compensation 401k Qualified Payments Employer Match	If the employer-match element you defined applies to a 401 (k) plan, add its Employer Match Results indirect element as a balance feed to this balance. 1. Start the Balance Definitions task. 2. Select your US LDG, and search for **Deferred Compensation 401k Qualified Payments Employer Match**. 3. Under **Balance Feeds by Element**, add the Employer Match Results indirect element. 4. Select the **Employer Match Calculated** input value. 5. Select **Add**. 6. Click **Submit**.
Deferred Compensation 403b Qualified Payments Employer Match	If the employer-match element you defined applies to a 403 (b) plan, add its Employer Match Results indirect element as a balance feed to this balance. 1. Start the Balance Definitions task. 2. Select your US LDG, and search for **Deferred Compensation 403b Qualified Payments Employer Match**. 3. Under **Balance Feeds by Element**, add the Employer Match Results indirect element. 4. Select the **Employer Match Calculated** input value. 5. Select **Add**. 6. Click **Submit**.
Deferred Compensation 457 Qualified Payments Employer Match	If the employer-match element you defined applies to a 457 (b) plan, add its Employer Match Results indirect element as a balance feed to this balance. 1. Start the Balance Definitions task. 2. Select your US LDG, and search for **Deferred Compensation 457 Qualified Payments Employer Match**. 3. Under **Balance Feeds by Element**, add the Employer Match Results indirect element. 4. Select the **Employer Match Calculated** input value. 5. Select **Add**. 6. Click **Submit**.

Configure the employer-match Fast Formula

When you define an employer-match element, the template creates a fast formula for it at your LDG level. You must edit this formula to reflect the correct plan type, 401 (k), 403 (b), or 457 (b).

1. Start the Fast Formulas task.
2. Search for the employer-match formula associated with the pretax deductions element you created.

   It's named ER_MATCH_CALCULATOR_FORMULA, prefixed with the name of your element.

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3. Click Edit.
4. Scroll to line 32.
5. Insert one these commands into line 32, based on the type of plan.

Plan type	Command
401 (k)	`SET_INPUT ('student_loan', '401k')`
403 (b)	`SET_INPUT ('student_loan', '403b')`
457 (b)	`SET_INPUT ('student_loan', '457')`

6. Click **Submit** and then **Compile**.

Related Topics
- How to Configure Payroll for SECURE 2.0 Act

How to Override Deferred Compensation Catch-Up Limits for Ages 60 Through 63

Under Section 109 of SECURE 2.0 Act increases the catch-up contribution limit for employees aged 60 through 63 to the greater of:

- $10,000 indexed
- 150% of the standard age catch-up limit under IRC § 414(v)

You can manage the limits through these calculation value definitions.

- Deferred Compensation 401k Special Age Catch-Up Annual Limit
- Deferred Compensation 403b Special Age Catch-Up Annual Limit
- Deferred Compensation 457 Special Age Catch-Up Annual Limit

Note: You must run the Feature Upgrade flow to update any deferred compensation elements you created prior to 2025.

If your retirement plan doesn't permit this age 60-63 catch-up limit, you must the override default at the legislative data group (LDG) level.

1. Start the Calculation Value Definitions task.
2. Enter your US legislative data group (LDG).
3. Search for and select one of the following.
   - Deferred Compensation 401k Special Age Catch-Up Annual Limit
   - Deferred Compensation 403b Special Age Catch-Up Annual Limit

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       o Deferred Compensation 457 Special Age Catch-Up Annual Limit

4. In **Calculation Values**, click **Add Row**.
5. Enter the following.

Column header	What you enter
From Value	0
To Value	99,999,999
Calculation Type Override	N/A
Flat Amount	Standard age-50 and older catch-up limit for the year **Note:** This limit is indexed annually. Until your plan adopts the enhanced Section 109 limit, it's your responsibility to keep this value up-to-date.

6. Click **Submit**.
7. Repeat these steps for the other three calculation value definitions.

Related Topics
- How to Configure Payroll for SECURE 2.0 Act

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