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"Imposter feelings thrive on secrecy. They convince each of us that we're the only imposter in a room full of genuinely competent people."

FINANCIAL WELLNESS

The SECURE Act 2.0

Here's what veterinary practice owners need to know now.

BY GEOFF HUBER, CFP, CHFC, CLU, CKA, AND FRITZ WOOD

The SECURE — "Setting Every Community Up for Retirement Enhancement"— Act 2.0 is the retirement law that keeps on giving. Or, depending on your point of view, the law that keeps on requiring your attention. President Biden signed the sweeping retirement package into law on the last business day of 2022, but here we are in 2026, and there are still new provisions coming into effect.

That's because SECURE 2.0 was never designed to arrive all at once. Some changes began in 2023 and 2024. Others took effect in 2025, and now we have several significant provisions taking effect this year, with more to follow.

Consider all the systems involved in a 401(k) plan: the plan document, payroll software, the recordkeeper's platform, employee elections, notices, testing, and tax reporting. Each new rule requires programming and coordination among companies that do not always "talk" to one another smoothly.

Not to worry, your job as the plan sponsor is not to memorize more than 90 provisions. It is to understand what you need to know, what you need to do, and where SECURE 2.0 creates an opportunity for your practice.

Here are five provisions that deserve your attention.

1 New-Plan Tax Credits Are Too Valuable to Ignore

This might be SECURE 2.0's biggest opportunity for a new veterinary practice owner. Imagine an associate veterinarian with the courage to purchase a hospital or start one from scratch. The new owner might believe starting a 401(k)

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must wait until the practice is larger and cash flow is stronger, but with these tax credits, that might not be the case. In some cases, the tax credits may completely cover the cost of the 401(k) in the first two years, and a good portion of the costs in years three through five.

Remember, a tax credit is far more valuable than a tax deduction. A deduction reduces taxable income. A credit reduces your tax bill dollar for dollar.

Eligible employers with 50 or fewer employees may receive a startup-cost tax credit equal to 100% of qualifying expenses, subject to a formula and a maximum of $5,000 annually for three years. Practices with 51 to 100 employees may qualify for a 50% credit. Eligible expenses can include plan establishment, administration, and employee education.

A separate employer-contribution credit can provide up to $1,000 per qualifying employee. For employers with 50 or fewer employees, the applicable percentage is generally 100% in years one and two, 75% in year three, 50% in year four, and 25% in year five. Compensation and employer-size limits apply.

An eligible employer adding automatic enrollment may qualify for another $500 annual credit for three years.

The larger point is that a newly independent practice might offer a competitive retirement plan on day one. With the right design, the benefit could even be richer than what some corporate competitors offer. Ask your accountant and retirement plan professional to run the numbers for your specific situation.

That is no small advantage in this highly competitive recruiting environment.

2 The Super Catch-up Is Here

Here's a head-scratcher, but something to make sure to take advantage of, nonetheless.

Catch-up contributions have been around since 2002. They allow employees aged 50 or older to make additional contributions to a 401(k). In 2026, the standard catch-up limit is $8,000, on top of the regular $24,500 salary-deferral limit.

SECURE 2.0 created an even larger catch-up for participants, but only for those who turn 60, 61, 62, or 63 during the calendar year. In 2026, their catch-up limit is $11,250. An eligible participant could defer as much as $35,750 into a 401(k), assuming the plan permits catch-up contributions.

Once you hit age 64, you are right back to the original catch-up amount of $8,000.

For veterinary practice owners, the timing can be especially helpful. Many spend decades putting money back into the business by purchasing equipment, renovating the practice, hiring another associate, or buying the real estate. Too often, retirement savings take a back seat. The super catch-up provides a short window of opportunity to make up ground.

The same might be true for a longtime associate or practice manager who started saving later than planned.

What should you do? Identify owners and employees who will turn 60 through 63 during 2026. Then confirm that your plan, payroll provider, and recordkeeper recognize the higher limit.

3 Highly Paid Individuals Catch-up Contributions Must Be Roth

This change is more complicated and likely to cause more confusion.

Beginning in 2026, certain higher-earning participants, called "Highly Paid Individuals," must make catch-up contributions on a Roth (or after-tax) basis. For 2026 contributions, the rule generally applies when the participant earned more than $150,000 in FICA — Federal Insurance Contributions Act — wages from the plan-sponsoring employer during 2025. In most cases, look to box 3 of the employee's W-2.

Notice what the rule does not say. It does not apply simply because someone is an owner or is classified as a highly compensated employee. It uses a specific prior-year FICA wage test. Also, the Roth requirement applies to catch-up contributions, not necessarily to all regular salary deferrals.

Roth contributions are made after taxes. Participants give up the current tax deduction but can receive qualified withdrawals tax-free in retirement. Affected participants do not get to choose the tax treatment of their catch-up dollars.

The rule can get tricky for practice entities with partners receiving self-employment income rather than W-2 FICA wages. Ask your third-party administrator or adviser how it applies to your ownership structure.

Also confirm three things:

- Does your plan allow Roth contributions?
- Can payroll identify who crossed the prior-year wage threshold?
- Can payroll and the recordkeeper properly separate regular deferrals from Roth catch-up contributions?

If the answer to all three questions is "we think so," keep asking to be sure.

4 Student Loan Payments Can Earn a Match

Veterinary medicine has a student debt problem. That is not news.

Ideally, veterinarians would pay down loans and simultaneously contribute enough to the practice's 401(k) to receive the full employer match. Unfortunately, the monthly budget often won't accommodate both.

SECURE 2.0 gives employers an optional way to help. For plan years beginning after Dec. 31, 2023, a practice may treat qualified student loan payments as though they were employee retirement plan contributions when calculating a match.

Suppose your plan matches 100% of the first 3% of compensation an employee contributes. An associate veterinarian is aggressively paying student loans and contributes nothing to the 401(k). If your plan adopts the feature, qualifying loan payments could generate an employer contribution to the retirement account.

The employee continues paying the lender. The practice's matching dollars go into the retirement plan.

From a recruiting standpoint, the message is powerful: "You do not have to miss valuable years of employer retirement contributions simply because you are responsibly paying off veterinary school."

For independent practices competing with corporate consolidators, this benefit could stand out. However, employees must certify qualifying payments, and the plan needs procedures for collecting the information and calculating the match. Confirm that your recordkeeper, payroll provider, and third-party administrator can support it before promoting the benefit.

5 Automatic Enrollment Might Be Mandatory

Automatic enrollment means that salary deferrals begin when an employee becomes eligible for the plan unless the person opts out or chooses another rate. This is great for increased participation, as studies have shown that people are about 20% more likely to not choose to opt out of something compared to needing to opt in.

For plan years beginning after Dec. 31, 2024, SECURE 2.0 generally requires automatic enrollment in many 401(k) and 403(b) plans established after Dec. 29, 2022. The initial rate generally must be 3% to 10%. It then increases by one percentage point annually until reaching at least 10%, but not more than 15%.

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Exceptions include certain older plans, businesses operating for less than three years, and employers that normally employ 10 or fewer people. SIMPLE 401(k), governmental, and church plans also are generally exempt.

Do not assume your practice qualifies for an exemption. A new or very small business might be exempt today but lose the exemption as time passes or the team grows.

Automatic enrollment adds some administrative duties. Notices must go out, deductions must start on time, opt-outs must be honored, and annual increases must occur correctly.

Still, it can be a good thing. Veterinary team members routinely tell themselves they will enroll next month or after the next raise. Then years pass. Automatic enrollment helps overcome inertia while preserving each employee's right to opt out.

Recruit, Reward, and Retain

SECURE 2.0 is not merely a compliance exercise. Used thoughtfully, it can help owners save more, support veterinarians facing student debt, and make an independent hospital more competitive. TVB