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US final rules on 401(k) automatic enrollment: 3% default rising to at least 10% from 2028 plan years

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On 17 November 2026 Treasury and the IRS issued final regulations on the SECURE 2.0 automatic enrollment rule for 401(k) and 403(b) plans. New plans must enroll eligible employees at a default of at least 3%, rising by at least 1 point a year to at least 10%, generally for plan years beginning after 31 December 2027.

Country reference

- **Country:** United States
- **Authorities:** US Department of the Treasury and Internal Revenue Service (IRS)
- **Topic:** Automatic enrollment in 401(k) and 403(b) plans
- **Key date:** Plan years beginning after 31 December 2027 (rules issued 17 November 2026)
- **Law:** Internal Revenue Code section 414A, added by the SECURE 2.0 Act; IRS news release IR-2026-141

What changed

Treasury and the IRS finalised the regulations under section 414A. Covered 401(k) and 403(b) plans must automatically enroll eligible employees, who can still opt out or choose another rate. The rules were sent to the Federal Register as document 2026-23530, "Automatic Enrollment Requirements Under Section 414A".

The key rules

- **Default rate:** at least 3% of pay.
- **Automatic increases:** at least 1 percentage point each year until the rate reaches at least 10%, with a 15% maximum.
- **Timing:** generally applies to plan years beginning after 31 December 2027.
- **Exceptions:** qualifying small and new businesses, governmental plans, church plans and SIMPLE 401(k) plans.
- **Flexibility:** choice on the timing and size of the automatic increases, combined notices, reduced annual notices for some non-participating employees, and rules for plans that merge.

Why it matters for finance teams

Automatic enrollment raises participation, so employer matching costs usually rise too. Payroll systems must apply the default rate, the yearly step-ups and opt-outs correctly from the first plan year, and errors can be costly to fix.

What to do now

- List every US 401(k) and 403(b) plan in the group and check which are covered and which exceptions apply.

- Model the extra employer match cost for 2028 and later years in the US budget.
- Ask payroll and the plan recordkeeper to confirm they can run the default rate, annual increases and opt-outs.
- Update plan documents and employee notices before the first plan year starting after 31 December 2027.

Our take

For Gulf-headquartered groups with US subsidiaries, this is a 2028 cost and payroll change that is easy to miss. The rules are now final, so the budget cycle for 2027 is the right time to plan for it.

Sources

- IRS news release IR-2026-141: Treasury, IRS issue final rules to help hardworking Americans build a financially secure retirement (17 November 2026)
- IRS: News releases for the current month (viewed 21 November 2026)

Important. This summary is for general information and is not tax, legal, benefits or financial advice. It is based on public IRS publications and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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