

SECURE ACT of 2019

The **Setting Every Community Up** **For Retirement Enhancement Act**

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Areas of Change

- Employers and plan sponsors
- Help for small employers
- MEPs – Multiple employer plans
- Relaxed 529 withdrawals
- Kiddie tax change

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5 Changes impacting IRA account holders

- Required minimum distribution age raised from 70 ½ to 72
- Maximum contribution age has been repealed - as long as you are working with earned income
- Penalty-free withdrawals for childbirth or adoption related expenses may be permitted
- Definition of earned income for students expanded
- Required distribution rules have been changed for beneficiaries

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Loss of 'Stretch' IRA option

- Beneficiaries of inherited IRAs must withdraw entire amount within 10 years of original owner's death
- Could have greater tax implications for beneficiaries
- Exceptions - who can still "stretch"
 - surviving spouse
 - child who hasn't reached legal adult age
 - disabled or chronically ill individuals
 - an individual who is not more than 10 years younger than the deceased
 - beneficiaries of IRA owners who died before Dec 31, 2019

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Options to consider

- Convert IRAs to Roth IRAs and pay the taxes now
- Buy life insurance and pay premiums out of IRA
- Set up a Qualified Charitable Distribution
- Irrevocable Trusts for children
- Do nothing - may not be worth the trouble and expense to find a work-around if smaller IRA

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Who else gains from the SECURE ACT?

- Big asset managers and the insurance industry
- More individuals saving means more money coming into plans
- Multiple Employer Plans will add access to alternative assets and asset classes
- Annuities can be added to plans

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What to do next

- Do your homework
- Learn what you can about the new changes
- And, as always, check with your tax and financial advisors about any of these changes that may impact you and your beneficiaries

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Questions?

Consider your own circumstances when evaluating how these changes will impact you.

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