SPECIAL COMMENTARY

JANUARY 29, 2020

The SECURE Act

On December 20, 2019, President Trump signed into law the SECURE ACT (Setting Every Community Up for Retirement Enhancement Act). The bill seeks to improve retirement security for Americans by expanding retirement account access and savings opportunities for individuals and businesses. While this list is certainly not comprehensive, here are 5 key takeaways from the bill:

- Increases Required Minimum Distribution ("RMD") age from 70.5 to 72. Prior to the SECURE Act, the age that RMDs began in most circumstances was 70.5. The SECURE Act has changed this age to 72. However, those that turned 70.5 prior to January 1, 2020, must continue taking their RMDs under the old rules. One caveat is that Qualified Charitable Distributions ("QCD") can still begin at age 70.5.
- Repeals the maximum age for traditional IRA Contributions. The passage of the SECURE Act has removed the age 70.5 limit for contributions to a traditional IRA. This means that if you have working income you may contribute to a traditional IRA regardless of your age.
- Eliminates the Stretch IRA provision. Prior to the Act, non-spouse beneficiaries could "stretch" distributions from IRAs and 401ks over their lifetime. Now, these accounts must be paid out within 10 years after the account owner's death. This change does not affect "designated" beneficiaries which includes spouses and minor children along with a few other exceptions.
- Increases Access to Retirement Plans for Small Businesses. The SECURE Act allows small businesses to join with other employers to more readily create a Multiple Employer Plan ("MEP") which can allow them to offer 401k plans with less liability and lower overall expenses.
- Allows Student Loan Repayment through 529 Savings Plans. Individuals can now withdraw up to $10,000 from a 529 savings plan to make student loan payments.

If you have any questions about how the SECURE Act may impact you and your family, please feel free to contact our office to speak with one of our advisors.