

Top 10 Things You Need to Know about the New SECURE Act and Your Retirement Account:

1. **No more age limits for traditional IRA contributions.** Beginning in 2020, the new law eliminates the age limit for traditional IRA contributions (formerly 70 ½).
2. **Required minimum distributions (RMDs) can start a little later.** The new law raises the age for beginning RMD to 72 for all retirement accounts subject to RMDs. IRA owners age 70 ½ in 2020 catch a break and will not have to take their first RMD for 2020.
3. **The age for qualified charitable distributions (QCDs) remains the same.** QCDs can still be done at age 70 ½ despite the new rule delaying RMDs until age 72.
4. **New help for new parents. Beginning in 2020, the SECURE Act adds a new 10% penalty exception for births or adoptions.** The exception applies to both IRAs and employer plans. It is limited to \$5,000 for each birth or adoption.
5. **More opportunities for IRA contributions.** The definition of “compensation” for IRA contribution purposes is expanded to include taxable fellowships and stipends for graduate or postdoctoral students. Also, foster care workers who exclude from taxable income certain “difficulty-of-care” payments from their employer can now use those funds to make IRA contributions.
6. **More annuity choices coming to your employer plan.** There are several provisions of the SECURE Act designed to make it easier for employer plans to offer annuities to participants.
7. **Good bye, stretch IRA.** Beginning on deaths after December 31, 2019, the stretch IRA is replaced with a 10-year rule for the vast majority of beneficiaries. For deaths in 2019 or prior years, the old rules remain in place.
8. **Hello eligible designated beneficiaries.** There are five classes of “eligible designated beneficiaries” who are exempt from the 10-year post-death payout rule and can still stretch RMDs over life expectancy. These include surviving spouses, minor children (but not grandchildren), disabled individuals, the chronically ill, and beneficiaries not more than ten years younger than the IRA owner.
9. **Time to review your IRA trust.** Many trusts will no longer work as planned under the new rules. If you named a trust as your IRA beneficiary, your plan needs an immediate review and probable overhaul.
10. **Good advice is more important than ever.** The SECURE Act has changed the game when it comes to retirement and estate planning. A qualified financial advisor can help guide you through all the new rules and ensure you are best positioned to take advantage of the breaks while avoiding the pitfalls.