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SECURE ACT 2.0

The Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 was signed into law late in December 2022. It introduces dozens of provisions intended to improve retirement outcomes while also battling inflation. Here are several of the most important measures that could impact you:

NEW WAYS TO USE YOUR MONEY

Use of 529 Accounts to Pay Off Student Loans

Investors may now withdraw up to **$10,000** from 529 education savings plans to repay student loans.

529 Funds can be Transferred to a Roth IRA Account

Starting in 2024, you can roll over up to **$35,000** of the 529 college funds into a beneficiary's Roth IRA.

New Penalty-Free Withdrawals

Effective 2025, employees can withdraw **$2,500** annually from their company-sponsored retirement plan to pay for long-term care insurance.

Qualified Charitable Distribution Maximums Indexed for Inflation

Effective in 2024, the new QCD annual limit of **$100k** is indexed for inflation, which means the annual limit will be adjusted each year.

MORE WAYS TO SAVE FOR RETIREMENT

Auto-Enrollments in Retirement Plans

Starting in 2025, the SECURE Act 2.0 requires companies offering retirement plans to automatically enroll their employees into retirement accounts.

Roth Contributions to Retirement Plans

Starting in 2023, employers can make contributions to the Roth side of retirement plans. It is important to note that it is not mandatory or automatic for employers to participate in this option.

Options for Annuities

Companies now have the ability to offer annuities inside of their 401(k) plans

Employer-Sponsored Student Loan Payments

Starting in 2024, employers can make matching contributions on behalf of their employees into 401(k)s, 403(b)s, 457(b)s, or SIMPLE IRAs with respect to qualified student loan repayments. Employees can then use those contributions for qualified student loan payments.

NEW TIME LIMITS FOR INHERITED ACCOUNTS

Beneficiaries of IRAs (including Roth IRAs) are required to liquidate those accounts within **10 years.** This could have major repercussions for the beneficiary, because when the money is withdrawn, the beneficiary must report those funds as income and pay taxes.

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MORE TIME TO SAVE FOR RETIREMENT

Changes to Required Minimum Distributions

The SECURE Act 2.0 pushes the Required Minimum Distributions (RMD) age out to 73 or 75, depending on what year you were born:

Birth Year	SECURE 2.0 Act Impact
Before 1951	No Change
1951-1959	RMD age pushed back to 73
1960 and after	RMD age pushed back to 75

Basically, if you are currently subject to and taking RMDs, you must continue your existing schedule. But overall, this change gives your money more time to potentially grow tax-free. The penalty for failing to take your RMD has been reduced to 25%.

No Age Limits for IRA Contributions

Provided you are still earning a paycheck, you can keep investing past age 70½.

Spousal Beneficiaries

The SECURE Act 2.0 allows the surviving spouse as a beneficiary to adopt their deceased younger spouse's RMD schedule, meaning they can delay their RMD withdrawals.

Enhanced Catch-Up Contributions

Starting in 2024, 401(k) and 403(b) catch-ups will automatically adjust for inflation and have four age brackets:

Birth Year	SECURE 2.0 Act Impact
49 or younger	No catch-up
50-59, AND 64+	$7.5k in 2023
Age 60-63	>$10k or 150% of standard catch-up

SUCCESSFUL FINANCIAL PLANNING IN A CHANGING TAX LANDSCAPE

Incorporating tax planning into your overall financial plan is more important than ever. Many of us Americans have a lot of money invested in tax-deferred accounts. The problem is, one day the tax bill will come due, and we can't predict what the tax law will be when it does.

What are your options when the rules are constantly changing? You can…

1. **Let your financial plan become outdated and risk the consequences, or,**
2. **Educate yourself by working with someone who has expertise in retirement planning.**

The provisions in the SECURE Act 2.0 are complex. We encourage you to have a conversation with your advisor to understand how these changes can impact your unique retirement situation.

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