SECURE 2.0 ACT SUMMARY

Alright! The long-awaited summary of The Secure 2.0 Act is here!

You might ask, “What is Secure 2.0?” “Do I need to read this?” Yes, you should. Many people think of Secure 2.0 as pertaining to current retirees, but there are actually many details relevant to those still saving for retirement.

The Secure 2.0 Act is a new law (essentially amending the original Secure Act) with many provisions aimed at strengthening the retirement system. We have tried to highlight the changes that will most affect you NOW below.

1) Required Minimum Distributions (RMDs) from retirement accounts used to begin at age 72. They now begin at 73. If you are turning 72 or 73 in 2023, please schedule an appointment with David to discuss how and when you should begin taking your RMDs.
2) You might consider making Roth contributions to your work-based retirement plan if your employer allows, since beginning in 2024 those Roth portions will be exempt from RMDs. Roth accounts are considered after-tax accounts, though, so chat with David first to determine the tax implications.
3) Qualified Charitable Distributions (QCDs) from IRAs now have a wider selection of recipients to choose from IF you are 70.5 and older, extending to charitable remainder unitrusts, charitable remainder annuity trusts, or charitable gift annuities. For more info on QCDs (which count towards your RMDs), read here or chat with David.
4) 529 plans can now be rolled over to a Roth IRA after 15 years. This may interest those currently contributing or those considering contributing but unsure whether the beneficiary will be in a position to use those funds. More specifics can be found here.
5) There are changes to IRA and retirement plan catch-up contributions, but they don’t take effect until 2025. If you are over 50, we recommend you read here to dive into the catch-up details.
6) Beginning 2025, if you begin work with an employer who has a new 401(k) plan, then you should be aware of the very cool automatic enrollment rule.

There are, of course, many other facets and provisions but some don’t take effect for several years or are only required of NEW employer plans. Still others are great ideas that employers can opt in to (ie. matching of student loan payments), but are not mandated. The point of this email is to be brief and pertinent, and further reading of all the interesting details can be found here.

Need the link to schedule with David again? Here you go!