The Setting Every Community Up for Retirement Enhancement Act **(SECURE Act)** made a collection of provisions intended to improve the private-sector retirement system. Outlined below are just a few of the provisions covered in the SECURE Act that could affect how you plan for retirement. The Act contained several provisions that can help improve your retirement security. Talk to your financial professional for information concerning your specific retirement situation.

1. **Keep your IRA assets invested longer.** Individuals turning 70 ½ (after 2019) may now wait to start taking their Required Minimum Distributions (RMDs) at age 72 instead of 70 ½.

    - IRA Shareholders who attained age 70 ½ in 2019 or earlier, must still begin taking their RMDs for the age 70 ½ year and each year thereafter (with the exception of the CARES Act provisions).

    - For the year in which the IRA holder attains age 72, you have until April 1st of the following year to withdraw your first RMD (same grace period for first RMD that existed prior to the Act).

2. **Contribute earned income to your IRA beyond age 70 ½.** Provided that the individual has earned income, a Traditional IRA contribution may be made at any age.

    - This is effective for tax year 2020 and beyond.

    - For 2020, the IRA contribution limit remains $6,000, plus a $1,000 catch-up contribution for age 50 and older.

3. **New distribution rules for IRA Beneficiaries.** IRA and plan designated beneficiaries are required to draw down the inherited assets within 10 years (five years for non-designated beneficiaries such as trust) of the death of the IRA account owner who passes *after* December 31, 2019.

    - Under the new regulations, many IRA beneficiaries will be subject to a requirement that ALL assets be distributed no later than the end of the 10th year following the year of the death.

    - Following the year of death, and leading up to the 10th year deadline, annual RMDs are NOT required.

- The following beneficiaries are exempt from the new regulations and may take annual life expectancy distributions:

    - The IRA owner's surviving spouse

    - The IRA owner's child, if the age of majority has not been reached. Once the age of majority has been reached, any remaining assets must be distributed no later than the end of the 10th year following the year in which the age of majority was reached.

    - Disabled individuals, within the definition of IRS Code 72(m)(7) as of the date of the IRA owner's death.

    - Any individual not already listed above who is less than 10 years younger than the IRA owner.

4. **Distributions with the birth or adoption of a child.** The act adds a new exception from the 10% early distribution penalty under Code section 72(t)(2) for qualified withdrawals from a Defined Contribution Plan (if permitted by the plan) or IRA for the birth or adoption of a child. Under the new exception:

    - Qualified withdrawals are limited to $5,000 in the aggregate across an individual's accounts with respect to birth or adoption of a child.

    - The withdrawal must be made within one year after the birth or adoption date.

    - The distribution may be recontributed to an eligible retirement plan or IRA, subject to certain limitations, and is treated as a rollover. Talk to your advisor about repayment options for this type of distribution.

    - The provision applies to distributions made after December 31, 2019.

This information is not exhaustive and should not be considered tax advice.

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