



At the very end of 2019, Congress passed legislation creating new laws resulting in some of the most significant changes to retirement and estate planning that we have experienced in over 30 years.

What is New?

This new set of rules and regulations is part of the ***SECURE*** (Setting Every Community Up for Retirement Enhancement) *Act*. Although much of the Act concerns small business retirement plans, for individuals and families the Act specifically focuses on IRAs. Here are a few of the key provisions which will very likely impact your financial plans:

- 1. **Required Minimum Distributions** – Changes the starting age for mandatory withdrawals from IRAs and other retirement plans from age 70.5 to age 72. If you reached age 70.5 during 2019, you are covered under the old rule. Going forward, 72 is now the new planning age.
- 2. **IRA Beneficiary Planning** – The new law eliminates the popular estate planning technique often referred to as the IRA Stretch Provision. Previously, IRA owners could create scenarios whereby at the owner’s death, their beneficiaries could inherit IRA(s) and potentially take (stretch) mandatory distributions over the beneficiaries’ life expectancy – often over many decades. The new rules (with limited exceptions) require that non-spouse beneficiaries deplete the inherited IRA within 10 years. ***You will want to review your Estate Plans as well as your Beneficiary Designations.***
- 3. **IRA Contributions** – Beginning in 2020, you can continue making deposits into your IRA as long as you have earned income. Under the old rules, you were not allowed to contribute to an IRA once you reached age 70.5.

The SECURE Act does not change the rules governing tax-free Qualified Charitable Distributions (QCDs) from IRAs to charities. IRA owners reaching 70.5 are still allowed to take advantage of this opportunity.

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