



# Secure Act 2.0

Personal Updates



## Introduction & Disclaimer

Secure Act 2.0 is a major piece of legislation that has the potential to significantly impact retirement savings for individuals and businesses. This content is general in nature and is for informational purposes only. It should not be used as a substitute for specific tax, legal and/or financial advice that considers all relevant facts and circumstances. We encourage you to reach out to us with any questions you may have about the Secure Act 2.0 and how it may affect your personal or business plans.

# General Changes & Updates

## Increase in Required Minimum Distribution Age (RMD)

**Details:** RMD starting age has been pushed back to age 73 for those turning 73 between 2023 and 2032. RMD starting age is pushed back to age 75 for those turning 73 in 2033 and future years.

**Opportunity:** Roth conversion window increased providing clients opportunity to build a larger balance of tax-free savings. Thoughtful income planning could lead to lower average effective tax rates over time.

## 529 Rollover Option to Roth Accounts

**Details:** Beginning in 2024, beneficiaries of 529 accounts will be permitted to rollover up to \$35,000 over the course of their lifetime into a Roth IRA - subject to annual contribution limits.

**Opportunity:** Reduces the risk of overfunding 529 accounts. Clients can confidently fund their 529 accounts knowing that excess funds can be transferred to the beneficiary without tax or penalty. Previous education funding and estate plans should be revisited.

## Qualified Charitable Distributions (QCD)

**Details:** For those over the age of 70 ½, you may now elect a one-time gift up to \$50,000 to a Charitable Remainder Unitrust, a Charitable Remainder Annuity Trust, or a Charitable Gift Annuity. This is an expansion of charitable vehicles allowed to receive a QCD. The QCD amount counts towards any annual RMD. The \$100,000 QCD limit will now be indexed for inflation beginning in 2024.

**Opportunity:** Reduce future taxable distributions from qualified accounts with charitable distributions and maintain control of those funds through charitable trusts. Additional tools to consider for charitable and income tax planning.

## **New Post-Death Option for Surviving Spouse Beneficiaries**

**Details:** Starting in 2024, surviving spouses can elect to be treated as the decedent for RMD purposes. RMDs are delayed until deceased spouse would have reached RMD age.

**Opportunity:** If the surviving spouse is older than the decedent, they can stretch the RMD amount based on the decedent's life rather than their own. An election to delay RMD's is likely irrevocable. Greater income tax planning should be considered.

## **Age 50+ Catch-Up Contribution Limit Indexed for Inflation**

### **IRA 50+ Catch-Up Limit Remains at \$1,000**

**Details:** Starting in 2024, the IRA catch-up limit for those 50+ will be adjusted annually for inflation in increments of \$100.

**Opportunity:** Additional savings opportunities and tax deductions for investors age 50 and older. Retirement savings strategies should be reviewed annually to take full advantage of deferrals available.

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