

Lawmakers recently passed SECURE Act 2.0 to encourage Americans to save more for retirement. This legislation contains almost 100 new provisions related to retirement planning. While some changes go into effect immediately, others will be rolled out over the next several years.

Effective 1/26/2021

- 10% penalty exception: Federally declared disasters. Plans and IRAs. \$22,000 maximum.

Effective 2023

- RMD age raised to 73.
- QLAC changes: no 25% limit; increased to \$200,000 (indexed).
- Missed RMD penalty reduced from 50% to 25%. Reduced to 10% if corrected "timely."
- One-time \$50,000 QCD to a CRUT, CRAT, or charitable gift annuity.
- Age 50 exception: Private sector firefighters and state and local government corrections workers added. Available under age 50 with 25 years of service.
- Form 5329 statute of limitations: 3 years for missed RMD; 6 years for excess contribution.
- 10% penalty exception: Terminal illness. Plans and IRAs. No maximum.
- 10% penalty exception: Net income attributable to excess contributions.
- Special needs trusts can have charity as remainder beneficiary.
- Roth allowed for SIMPLE and SEP plans.
- Roth employer match and nonelective contributions allowed.

Which RMD Age Should You Use?

Age 72 (or 70.5)	Born 1950 or earlier
Age 73	Born 1951 - 1959
Age 75	Born 1960 or later

Effective 2024

- IRA catch-up contributions indexed for inflation.
- QCD \$100,000 limit increased for inflation.
- Matching plan contributions can be made on student loan payments.
- 10% penalty exception: Emergency expenses.
- For plans and IRAs. \$1,000/year.
- 10% penalty exception: Employers can offer in-plan emergency savings accounts. \$2,500 maximum deferral. Plans only.
- 10% penalty exception: Domestic abuse. For plans and IRAs. Limited to \$10,000 (indexed).
- Higher SIMPLE plan limits for deferrals and catch-ups and nonelective contributions.
- 529-to-Roth IRA rollovers: \$35,000 lifetime limit.
- No lifetime RMD on plan Roth accounts.
- Surviving spouse may elect to be treated as deceased spouse.
- Plan catch-ups must be Roth if wages greater than \$145,000 (indexed) in prior year.

Effective 2025

- Higher catch-up limits for ages 60-63 for plans and SIMPLEs.

Effective 2026 or earlier

- Expansion of Employee Plans Compliance Resolution System (self-correction) to IRAs.

Effective 2026

- ABLE program age requirement raised from 26 to 46 for disability onset.
- 10% penalty exception: Long-term care insurance premiums. Plans only. \$2,500/year.

Effective 2027

- Saver's Match: 50% of IRA or plan deferrals (up to \$2,000) by low-income savers.

Effective 2033

- RMD age raised to 75.