

Here is a look at some of the elements of the recently passed SECURE Act that may have an impact on individuals:

Repeal of the Maximum Age for Traditional IRA Contributions

Starting in 2020, the new rules allow an individual of any age to make contributions to a traditional IRA, based upon earned income.

Required Minimum Distribution Age Raised from 70 ½ to 72

For required distributions made after December 31, 2019, for individuals who attain age 70 ½ after that date, the age for withdrawals from retirements plans or IRAs is increased from 70 ½ to 72.

Partial Elimination of Stretch IRAs

For deaths of plan participants or IRA owners beginning in 2020, distributions to most non-spouse beneficiaries are generally required to be distributed within ten years following the plan participant's or IRA owner's death.

Expansion of Section 529 Education Savings Plans

For distributions after December 31, 2018 (retroactive date), tax-free distributions from 529 plans can be used to pay qualified expenses for the designated beneficiary's participation in apprenticeship. In addition, tax-free distributions (up to \$10,000) can be used to pay the principal or interest on a qualified education loan.

Kiddie Tax Changes

Starting in 2020 (with the option to start retroactively in 2018 and/or 2019), the unearned income of children is taxed under the pre-Tax Cuts and Jobs Act rules, and not at trust/estate rates.

Penalty-free Retirement Plan Withdrawals for Expenses Related to the Birth or Adoption of a Child

Starting in 2020, plan distributions (up to \$5,000) that are used to pay for expenses related to the birth or adoption of a child are penalty-free.