

# What You Need to Know About the SECURE Act



The **Setting Every Community Up for Retirement Enhancement (SECURE) Act**, which became effective January 1, 2020, includes several significant changes to federal retirement regulations which may impact you and your family. The major changes are:

✓ **Required Minimum Distributions from IRAs and retirement plans now begin at age 72, not 70.5**

- If you turned 70.5 by December 31, 2019, you still need to begin taking your required distribution by April 1, 2020.
- If you took a required minimum distribution in 2019, you must continue to do so annually.
- If you turn age 70.5 after January 1, 2020, you can now wait until age 72 to begin taking your required minimum distribution.

✓ **IRA contributions can be made regardless of your age**

- If you are still working and have earned income, you can make annual IRA contributions regardless of your age, as now there is no age limit.

✓ **Inherited IRA Accounts must be distributed within 10 years**

- For non-spouse inherited IRAs, the beneficiary IRA account must be distributed within 10 years instead of over the beneficiary's lifetime.
- In addition to spouses, exceptions to this rule include a child under the age of majority and a disabled beneficiary. Spouses can continue to use the spousal rollover and treat the inherited IRA as their own.
- These changes apply only to deaths occurring after December 31, 2019; existing inherited IRAs are not affected by the new rules.

✓ **IRA Distributions allowed for childbirth or adoption without early withdrawal penalty**

- A \$5,000 IRA distribution can be made before age 59.5 without incurring an early withdrawal penalty.

*This information is being provided to you as a Sierra client. Please note that Sierra does not provide tax or accounting advice. Please consult with your tax adviser about how these changes may impact your own financial situation.*

## CONTACT SIERRA

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