

The SECURE Act of 2019 and Its Impact on Estate Planning

Courtesy of Lawrence Kamin, LLC

In December 2019, Congress enacted the Setting Every Community Up for Retirement Enhancement Act of 2019, or as it's more commonly known, the "SECURE Act." The SECURE Act took effect January 1, 2020 and changed many rules that govern your retirement plans and other tax deferred plans. As a result, changes may need to be made to your estate plan and your business operations to ensure your goals are met.

Some of the most important changes you should consider are:

- If you were under 70 ½ years of age on December 31, 2019, you can now delay taking Required Minimum Distributions (RMDs) until you reach age 72;
- You can now continue to make contributions to traditional IRAs regardless of your age, rather than being prohibited after age 70 ½, as in prior years;
- Most beneficiaries—other than a surviving spouse, minor children, the disabled and the chronically ill—may only "stretch" distributions from IRAs and qualified plans for up to 10 years following the death of the account owner. Thoughtful consideration of the type of retirement plan you have during your lifetime, or allocating assets to specific beneficiaries or charities after death, can maximize your tax savings and optimize the distributions from your plan;
- Certain employers must now allow part-time workers to participate in retirement plans. If you own a business, you may now be required to offer participation to more employees;
- You are still able to make charitable contributions from your IRA beginning at age 70 ½, but you will not get the full charitable deduction if you put money into your IRA after age 70 ½; and
- Other changes made by the SECURE Act affect 529 Plans and applicable early, penalty-free distributions from qualified plans for additional life events, among others.

If you are concerned about how the SECURE Act may impact your business, retirement, or estate planning, please contact your Lawrence Kamin attorney. We can discuss strategies to accomplish your business and estate planning goals, maximize your tax savings, and confirm your beneficiary designations.

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