Buckingham

SECURE Act 2.0 Changes

What *retirees* need to know

Overview

On Dec. 29, 2022, the SECURE Act 2.0 was signed into law as a part of a larger $1.7 trillion spending bill. SECURE Act 2.0 included nearly 100 changes to rules governing retirement accounts, making it difficult for individuals to figure out just how they may be impacted. In an effort to help you understand the changes that may impact your retirement savings plan, below is a summary of some of the provisions that are most likely to affect retirees. As always, we encourage you to reach out to your advisor for a more detailed discussion of how these, or other changes, may impact your personal situation.

Required Minimum Distributions (RMDs)

- Age at which RMDs begin:
  - If you were born from 1951-1959, your RMDs will now begin at 73.
  - If you were born from 1960 or later, your RMDs will now begin at 75.
  - Beginning 2024, Roth 401(k), Roth, 403(b), and similar plan Roth accounts will no longer have RMDs.
- The penalty for a missed RMD has been reduced to 25%. If the mistake is timely corrected, the penalty is further reduced to 10%.

Spousal Benefits

Beginning 2024, surviving spouses can elect to be treated as their deceased spouse for RMD purposes, enabling them to:

- Delay RMDs until the deceased spouse would have reached RMD age.
- Calculate RMDs for the inherited assets as if they were the deceased spouse.

Additional Provisions

- Individuals 70½ or older may now make a Qualified Charitable Distribution (QCD) of up to $50,000 to a Charitable Remainder Trusts (CRT) or Charitable Gift Annuities (CGA) once during their lifetime.

- Beginning 2027, first responders receiving disability pensions (attributable to a disability incurred in the line of duty) before retirement age will be able to exclude an equivalent amount of income from the retirement pension they receive after reaching their plan's retirement age.
- Up to $3,000 of a public safety officer's government-paid retirement plan benefit can be excluded from income if used to pay for qualified health insurance.
- Applicable Multi-Beneficiary Trusts (special trusts named as the beneficiary of retirement account beneficiaries that provide for individuals with special needs and/or who are chronically ill) can name charities as remainder beneficiaries while still "stretching" distributions over the lifetime of the individual with special needs/chronic illness.