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The SECURE Act

How it will affect you and your retirement account

Signed into law on December 20, 2019, the Setting Every Community Up for Retirement Enhancement (SECURE) Act makes changes to employer retirement plans and IRAs and how you can use that money. Here are the most important things to know:

	Before the SECURE Act	After the SECURE Act
Required Minimum Distributions (RMDs) at age 72 instead of 70½.	If you have money in an employer retirement plan and you have retired or you have a traditional IRA, you were required to start taking RMDs by April 1 of the year following the year you turned age 70½ to avoid tax penalties.	If you turn age 70½ after 2019, you can start taking RMDs at age 72.
You can contribute to your IRA for as long as you want.	You could not contribute to a traditional IRA after age 70½.	There will no longer be a maximum age for IRA contributions, as long as the individual has eligible earned income.
No more "stretch provisions"; death benefits must be distributed within 10 years.	Certain beneficiaries could stretch the death benefit from the decedent's retirement plan account or IRA over their life expectancy.	For deaths after 2019, certain death benefit distributions must be paid within 10 years of the plan-holder's death. Government employer plans, as well as certain collectively bargained plans, have extended deadlines for compliance. This change does not apply if the beneficiary is: • The surviving spouse • Disabled or chronically ill • Not more than 10 years younger than the decedent • A child of the decedent who has not yet reached the age of majority

New provisions

You can withdraw money for childbirth or adoption costs, without penalty.

You can withdraw up to $5,000 from your retirement plan (if the plan allows) or your IRA to cover expenses for childbirth or adoption, within a year of the birth or adoption. If both parents have a retirement plan or IRA assets, each parent can withdraw up to $5,000, for a maximum of $10,000 combined.

- These withdrawals are not subject to the 10% early withdrawal penalty, but are subject to ordinary income taxes.
- You can choose to repay the withdrawn amount back into the plan or IRA at a later date.

529 plans funds may be used to pay certain student loans.

A 529 plan is a flexible, tax-advantaged account designed specifically for education savings. Distributions are not subject to federal income tax and, in many cases, state income taxes if the money is used for qualifying educational expenses, such as tuition and room and board.

Now, 529 plan account funds may also be used to repay a qualified student loan of the 529 plan beneficiary or the beneficiary's sibling. The beneficiary and the sibling are each subject to a lifetime maximum of $10,000. In addition, funds from 529 plans may be used to cover costs associated with registered apprenticeships.

To learn more: Talk to your financial professional for more information on how Equitable can help you prepare for a more comfortable retirement.

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