Washington was busy this holiday season. As many of us were looking forward to some well-earned time off, new legislation was passed, and it affects some of the old rules for traditional Individual Retirement Accounts. These changes went into effect on January 1, 2020.

One of the biggest changes will affect the required minimum distribution (RMD) timeline for IRAs granted to a beneficiary at the time of your death.

So, what does this mean for you?

Unless an inherited IRA meets a very specific set of circumstances, non-spousal beneficiary is now required to withdraw the money from the IRA within a period of 10 years.

For example, let's say that you have a hypothetical $1 million IRA. The beneficiary is not required to take a set amount. The requirement is the money must be withdrawn by the end of the 10th year following the year of inheritance. So, if you are leaving your IRA to a 50-year-old child, they must take all the money by the time they reach age 61. In the past, your 50-year-old child could stretch the money over their expected lifetime, or roughly 30 years.

The new limits on IRAs may force account owners to reconsider inheritance strategies and review how the accelerated income may affect a beneficiary's tax situation.
Individual situations may change and vary. I'm here for you to talk about how this new law changes your retirement strategy. Give me a call, so we can find some quality time to discuss this, and in the meantime, we'll be keeping a close watch on any other pending changes.

Footnotes, disclosures, and sources:
The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security.