

More changes are on-the-way depending on the final bill working its way through congress. It was only a couple of years ago the age to begin Required Minimum Distributions (RMDs) from IRA accounts moved from age 70½ to age 72 and now it may be moved again to age 74. Catch-up contributions to IRAs for those over age 50 (currently \$1000 additional) may be increased to ten-fold for individuals over age 60. These may not come true as the bill makes its way to final approval and may not even survive. However, you should be aware of what has been proposed so you can be ready to make any adjustments necessary to your plans. Haven't put a retirement plan in-place yet or need to update one? Give me a call to discuss or setup a time to talk by visiting my scheduling site at <https://go.oncehub.com/ChuckVercellone>.

---Chuck

Are You Ready for the Second Act of the S.E.C.U.R.E. Act?

Some potential benefits of the Securing a Strong Retirement Act.

Provided by Charles D. Vercellone, ChFC

Recently, you may have seen headlines regarding the Securing a Strong Retirement Act, also referred to as the second version of the SECURE Act, or SECURE Act 2.0.

As the bill moves from the House of Representatives to the Senate, many hopeful investors are anticipating further retirement support as the majority of the bill stems from the original SECURE Act of 2019. However, it's worth noting that the bill may change drastically before being signed into law. With that in mind, here are some potential benefits of the Securing a Strong Retirement Act.

Required Minimum Distributions (RMD): For those who contribute to a 401(k) or IRA, the Securing a Strong Retirement Act may allow you to wait until age 74 to start taking RMDs from your retirement accounts.¹

Catch-up Contributions: Those who own an IRA and are over age 60 may be allowed to contribute an additional \$10,000 per year to their retirement accounts.¹

Student Loans: Employers may be allowed to match retirement contributions for employees who are paying off student loans.¹

There's little doubt the bill will benefit many retirees or those approaching retirement; the only question that remains is "how." If you have any questions about how this new legislation may impact your retirement strategy, or you just want to chat, give me a call anytime. We're always here to help.

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Under the SECURE Act, once you reach age 72, you must begin taking required minimum distributions from a Traditional Individual Retirement Account in most circumstances. Withdrawals from Traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. You may continue to contribute to a Traditional IRA past age 70½ under the SECURE Act. Contributions to a Traditional IRA may be fully or partially deductible, depending on your adjusted gross income.

Additionally, you must also begin taking required minimum distributions from your 401(k) or other defined-contribution plans in most circumstances at age 72. Withdrawals from your 401(k) or other defined-contribution plans are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

Citations

1. Congress.gov, May 5, 2021

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