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MEMO

To: Account Review Committee
From: Lynn Pierce
Date: January 21, 2020
Subject: The Setting Every Community Up for Retirement Enhancement Act (SECURE Act) of 2019

In December 2019, the SECURE Act was signed into law and included provisions that will impact various retirement plans.

Beginning January 1, 2020, the following changes to IRAs and 529 plans went into effect.

- **IRA RMD** – increases age at which an individual must begin taking Required Minimum Distributions to 72, up from 70 ½. Those that reached 70 ½ in 2019 or before would need to continue taking RMDs in 2020 and beyond.
- **Traditional IRA Contributions** – the law removes the age limit for IRA contributions. Under the new law, anyone over 70 ½ that is working and has earned income can make IRA contributions regardless of age.
- **Inherited IRAs** – for situations where the IRA owner passes away after December 31, 2019, fewer beneficiaries will be able to extend distributions from the inherited IRA over their lifetime. Many will instead need to withdraw all assets from the inherited IRA within 10 years following the death of the original account owner. Limited exceptions include assets left to a surviving spouse, a minor child, a disabled or chronically ill individual, and beneficiaries who are less than 10 years younger than the decedent. No changes will incur for anyone who inherited an IRA before January 1, 2020.
- **529 Accounts** – the law expands the definition of a tax-free or qualified distribution to include repayment of up to \$10,000 in qualified student loans, and expenses for certain apprenticeship programs, retroactive to distributions made after December 31, 2018.

Please contact us should you have any questions or need further clarification.