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Estate Planning for Retirement Plans after SECURE Act

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SECURE Act

Impact on Required Minimum Distribution Rules

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72 is the “New 70 ½”

- RBD: April 1st after year in which P
 - Attains 72 or
 - Later retirement if non-5% owner
- Effective: P attains age 70 ½ after 12/31/19
- Act, § 114

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IRA Contributions

- Age 70 ½ limit on IRA contributions repealed
- Other requirements still apply:
 - Lesser of \$6,000 or “compensation” (add \$1,000 if age 50)
 - Phase-out if covered by employer-sponsored plan
- Effective: Years after 2019
- Act, § 107(a)

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72 is **NOT** the “New 70 ½”

- Qualified Charitable Distributions (“QCDs”)
- Age 70 ½ remains minimum age for QCDs
- \$100k QCD income exclusion is reduced by:
 - Aggregate post-70 ½ deductible IRA contributions (not previously recaptured)
 - Effective: contributions/distributions after 2019
- Act, Section 107(b)

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New post-death RMD Rules

- New rules grafted onto the existing rules
- Best way to understand the rules:
 - First master existing rules: Code, Regs, rulings, etc.
 - Next, refer to Act to see how new rules are grafted onto existing rules
 - Read carefully: Act § 401 amends IRC § 401(a)(9)
- ACTEC Task Force submitted Two-Part comments to Treasury in July, 2020:

https://www.actec.org/assets/1/6/7-14-20_ACTEC-Request_for_Guidance_from_Treasury_on_Section_401_of_the_SECURE_Act-Part_1.pdf

https://www.actec.org/assets/1/6/2020-07-29_ACTEC_Request_for_Guidance_from_Treasury_Regarding_Section_401_of_the_SECURE_Act,_Part_2.pdf

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