University of Texas 68th Annual Taxation Conference
December 3, 2020

Estate Planning for Retirement Plans after SECURE Act

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SECURE Act

Impact on Required Minimum Distribution Rules

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

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- Age 70 ½ limit on IRA contributions repealed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)

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)

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

Title search: Estate Planning for Retirement Plans after SECURE Act

Also available as part of the eCourse
2020 Taxation eConference

First appeared as part of the conference materials for the
68th Annual Taxation Conference session
"Estate Planning for Retirement Plans after SECURE Act"