

The SECURE Act

by Dominic Lucente

Long-established retirement account rules change.

The Setting Every Community Up for Retirement Enhancement (SECURE) Act is now law. With it, comes some of the biggest changes to retirement savings law in recent years. While the new rules don't appear to amount to a massive upheaval, the SECURE Act will require a change in strategy for many Americans. For others, it may reveal new opportunities

Limits on Stretch IRAs.

The legislation "modifies" the required minimum distribution rules in regard to defined contribution plans and Individual Retirement Account (IRA) balances upon the death of the account owner. Under the new rules, distributions to non-spouse beneficiaries are generally required to be distributed by the end of the 10th calendar year following the year of the account owner's death.¹

It's important to highlight that the new rule does not require the non-spouse beneficiary to take withdrawals during the 10-year period. But all the money must be withdrawn by the end of the 10th calendar year following the inheritance.

A surviving spouse of the IRA owner, disabled or chronically ill individuals, individuals who are not more than 10 years younger than the IRA owner, and child of the IRA owner who has not reached the age of majority may have other minimum distribution requirements.

Let's say that a person has a hypothetical \$1 million IRA. Under the new law, your non-spouse beneficiary may want to consider taking at least \$100,000 a year for 10 years regardless of their age. For example, say you are leaving your IRA to a 50-year-old child. They must take all the money from the IRA by the time they reach age 61. Prior to the rule change, a 50-year-old child could "stretch" the money over their expected lifetime, or roughly 30 more years.

IRA Contributions and Distributions.

Another major change is the removal of the age limit for traditional IRA contributions. Before the SECURE Act, you were required to stop making contributions at age 70½. Now, you can continue to make contributions as long as you meet the earned-income requirement.²

Also, as part of the Act, you are mandated to begin taking required minimum distributions (RMDs) from a traditional IRA at age 72, an increase from the prior 70½. Allowing money to remain in a tax-deferred account for an additional 18 months (before needing to take an RMD) may alter some previous projections of your retirement income.²

The SECURE Act's rule change for RMDs only affects Americans turning 70½ in 2020. For these taxpayers, RMDs will become mandatory at age 72. If you meet this criterion, your first RMD won't be necessary until April 1 of the year after you reach 72.²

Multiple Employer Retirement Plans for Small Business.

In terms of wide-ranging potential, the SECURE Act may offer its biggest change in the realm of multi-employer retirement plans. Previously, multiple employer plans were only open to employers within the same field or sharing some other "common characteristics." Now, small businesses have the opportunity to buy into larger plans alongside other small businesses, without the prior limitations. This opens small businesses to a much wider field of options.¹

Another big change for small business employer plans comes for part-time employees. Before the SECURE Act, these retirement plans were not offered to employees who worked fewer than 1,000 hours in a year. Now, the door is open for employees who have either worked 1,000 hours in the space of one full year or to those who have worked at least 500 hours per year for three consecutive years.²

While the SECURE Act represents some of the most significant changes we have seen to the laws governing financial saving for retirement, it's important to remember that these changes have been anticipated for a while now. If you have questions or concerns, reach out to your trusted financial professional.

Dominic Lucente may be reached at 603.645.8131 or Dominic.Lucente@LPL.com or DLucente.com

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment. Financial planning offered through Northeast Planning Associates, Inc. (NPA) a registered investment adviser. Securities and advisory services offered through LPL Financial, a registered investment adviser and member FINRA/SIPC. Insurance products offered through NPA, LPL Financial, or its licensed affiliates. The Credit Union, NPA and LPL Financial are unaffiliated.

Citations. 1- [waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/SECURE%20Act%20section%20by%20section.pdf](https://www.waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/SECURE%20Act%20section%20by%20section.pdf) [12/25/19] 2- [marketwatch.com/story/with-president-trumps-signature-the-secure-act-is-passed-here-are-the-most-important-things-to-know-2019-12-21](https://www.marketwatch.com/story/with-president-trumps-signature-the-secure-act-is-passed-here-are-the-most-important-things-to-know-2019-12-21) [12/25/19]

With You From Start To Finish...



... and Every Step Along the Way

WHETHER YOU'RE BUILDING A FAMILY, SAVING FOR YOUR CHILDREN'S EDUCATION, STRATEGIZING CARE FOR AGING PARENTS, OR PLANNING FOR A NEARING RETIREMENT, WE CAN HELP YOU CREATE A FINANCIAL PLAN TAILORED TO YOUR UNIQUE REQUIREMENTS AND DREAMS.

It's never too early, it's never too late.

CONTACT US TO START PLANNING TODAY!



Dominic M. Lucente, CFP®, RFC®
CERTIFIED FINANCIAL PLANNER™
NORTHEAST PLANNING ASSOCIATES, INC.

425 Hooksett Road · Manchester, NH 03104
(603) 645-8131
dlucente@northeastplanning.com
www.dominiclucente.com



Financial planning offered through Northeast Planning Associates, Inc. (NPA), a registered investment adviser. Securities and advisory services offered through LPL Financial, a registered investment adviser and member FINRA/SIPC. Insurance products offered through NPA, LPL Financial or its licensed affiliates. The Credit Union, NPA and LPL Financial are not affiliated. 18-174

Not NCUA Insured | No Credit Union Guarantee | May Lose Value

Bow
Community Men's Club
91 Bow Center Road
Bow, NH 03304



Flags Across Bow Enrollment Form 2020

Members of the Bow Community Men's Club will place the "Stars & Stripes" on your property near the end of your driveway at least two days prior to each of the following patriotic holidays of 2019: Memorial Day, Flag Day, Independence Day, Labor Day and Veterans Day. The flag will be removed at least two days after each holiday and reinstalled for the next holiday.

The US made flags measure 3'x5' and are made of 2-ply spun polyester with sewn stripes and embroidered stars, and will be mounted on a 10 foot pole and inserted into a 10 inch high ground spike.

Your payment of \$40 will be used to support the Boy and Cub Scouts, Scholarships for Bow HS students, and charities within our community. Please make your check payable to the "Bow Community Men's Club". For this payment, you will share in our community's display of all our great nation stands for.

Mail this form and payment to: Dik Dagavarian
2 Bela View Drive
Bow, NH 03304-4600
Phone: (603) 856-7268

Name:	
Street Address	
Town	
Contact Phone	
Email Address	

Place an "X" below for your preferred flag location. Please identify any underground utilities, sprinklers, or other buried items in the vicinity of flag locations.

	Your Driveway	
Your Street		

Web Site: <http://www.bowmensclub.org>
Email: info@bowmensclub.org