

## **Setting Every Community Up for Retirement Enhancement (SECURE) Act**

The Setting Every Community Up for Retirement Enhancement (SECURE) Act is a bipartisan bill that was passed in December 2019 and is effective on January 1, 2020 that is designed to encourage individuals to save for retirement. The new retirement legislation includes policy changes that will affect not just individual retirement plans (IRAs), but also defined contribution plans, defined benefit plans and 529 plans. Here are some of the most significant provisions to the SECURE ACT, which may impact your Northeast Investors Trust IRA:

- Lifting the restriction contribution eligibility for Traditional IRA owners after age 70 ½ provided there is earned income to contribute, matching the existing contribution rules for Roth IRAs and 401(k) plans.
- Increasing the age for the Required Beginning Date (RBD) for Required Minimum Distributions (RMDs) from age 70 ½ to 72. However, this change is effective in 2020 and it does not apply to those who attained the age of 70 ½ prior to the end of 2019.
- Elimination of the “Stretch IRA” for most non-spouse IRA beneficiaries. The majority of non-spouse IRA beneficiaries will be required to distribute their entire Beneficiary IRA within 10 years rather than electing annual payments based on their life expectancy. Exceptions to the 10-year distribution requirement include assets left to a spouse, a minor child, disabled beneficiaries or beneficiaries who are not more than 10 years younger than the decedent. This provision only applies to account owners who died after December 31, 2019.
- Exemption from the 10% early withdrawal penalty up to \$5,000 within one year of the birth or adoption finalization of a child.

These are only some of the new provisions of the SECURE Act that pertain to IRAs. If you have assets in a defined contribution plan, defined benefit plan or 529 plan, please consult your tax advisor to review how additional modifications to the law may affect your specific plan.