Are You Ready for Retirement?
SECURE 2.0 Could Help!

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President Biden signed the SECURE 2.0 Act of 2022 into law on December 29, 2022. The Act includes significant changes to current laws that could have an impact on your retirement planning. Below is a summary of the some of the most noteworthy changes.

- Currently you must begin taking distributions from your plans at age 72. Starting January 1, 2023 the mandatory distribution age is increased to 73 and increases to age 75 starting on January 1, 2033.
- The Act expands the catch-up contributions for those aged 60-63. Starting in 2025, the catch-up contributions can be the greater of $10,000 or 150% of the catch-up amount in effect for 2025. This will be indexed for inflation after 2025.
- If you are a part-time employee, starting in 2025 you are eligible to participate in your employer's 401(k) plan if you have worked 500 hours per year for two consecutive years (that is a decrease of one year from the three-year requirement that currently exists).
- The new bill addresses 529 plans and what to do if you have leftover savings. Starting in 2024 you may be able to move those funds to a Roth IRA. There is a $35,000 lifetime limit on the transfers per account beneficiary, plus a few other restrictions.
- If you are over 50 and allowed to make catch-up contributions to a retirement plan, you will be required to deposit them into a Roth 401(k) if you earn more than $145,000 starting in 2024. That means the catch-up contribution will now be subject to tax prior to making the deposit as opposed to having the option of being made on a pre-tax basis and thereby reducing your gross income for the current year.
- Your employer can offer matching contributions that can now go into a Roth 401(k) account or a regular 401(k) account, if you so choose. Prior to this change these contributions were required to be deposited into a regular 401(k) account.
- Special rules exist for using your retirement funds in the case of qualified federally declared disaster areas. You can take up to $22,000 from your employer retirement plan or IRA's if you are an affected individual. The distribution would not be subject to the 10 percent additional tax and is taken into account as gross income over 3 years.

These are just a sample of the items in the bill that could impact you as an individual. We are happy to discuss how the new law can help you to plan more effectively for your retirement.

Please don't hesitate to contact your SKP professional for further details or if you have any questions.