



HOW THE SECURE ACT COULD AFFECT YOUR ESTATE PLANNING

The Setting Every Community Up for Retirement Enhancement Act, better known as the SECURE Act, effective January 1, 2020, is new federal legislation that may affect aspects of your retirement planning, as well as your estate plan. Relevant provisions of the SECURE Act include:

- Removal of maximum age limits on IRA contributions, formerly capped at age 70½;
- Raising the required minimum distribution age to 72 from 70½;
- Allowing penalty-free withdrawals of up to \$5,000 from retirement plans for the birth or adoption of a child;
- Allowing penalty-free withdrawals of up to \$10,000 from 529 education-savings plans for the repayment of certain student loans; and
- Eliminating “stretch” payouts for surviving beneficiaries (i.e., payout over the life of a surviving beneficiary) by requiring a maximum period of ten years after the employee/IRA owner’s death for distributions from defined contribution plans (e.g., 401(k) plans) and IRAs. However, the Act makes exceptions for distributions to the employee/IRA owner’s surviving spouse or minor child, a disabled or chronically ill individual, or an individual who is not more than ten years younger than the employee/IRA owner.

If you have a trust that is the beneficiary of your retirement plan, the last bullet point may affect your estate planning. Many people relied on stretch payouts in formulating their estate plans, and drafted trust provisions accordingly. The change in the law may cause your trust to no longer accomplish what you intended.

Now is the time to consider how this new law may affect your retirement planning and estate planning situations. Please contact us so that we can review your estate plan and consider your qualified plan and IRA distribution options with you.

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