



# How the SECURE Act 2.0 Can Help Boost Your Retirement Funds

**Another year before you must take minimum withdrawals from your retirement accounts... a jump in catch up contributions for some... employer matching programs on Roth accounts; these are among the ways it may be easier for you to save for retirement. Here's the latest on the new rules and when each provision begins:**

On December 23rd Congress approved a \$1.7 trillion federal spending bill that provides funding for government agencies and programs through September 30, 2023. Included in the massive spending bill was the SECURE Act 2.0 which provides a wide range of provisions intended to help Americans better prepare for retirement.

The Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 builds upon the first SECURE Act passed in 2019, which pushed back the age at which retirement plan participants must take their first required minimum distribution from age 70 ½ to 72 and mandated that non-spousal inherited IRA's take distributions within 10 years, rather than over the course of their lifetime.

**In total, the SECURE Act 2.0 has 90 sections. Below are some of the most significant changes from the bill:**

## Required Minimum Distribution Age Raised Again

The Required Minimum Distribution (RMD) age is now **raised to 73**. This will remain in effect until 2033, at which point the RMD age will be raised to 75. Increasing the RMD age acknowledges that Americans are working and living longer and may want additional time before withdrawing retirement assets. A higher RMD age also means individuals may have additional years to complete Roth conversions, which involve paying the taxes on tax-deferred accounts and putting the proceeds in a Roth IRA, which does not have an RMD.

## Updates to Qualified Charitable Distributions (QCD)

Qualified Charitable Distributions allow an individual taking Required Minimum Distributions to satisfy their charitable intentions by directly giving to a charity from their retirement account and reducing their adjusted gross income by that amount. Since the provision was introduced in 2006, the limit for QCD's has been \$100,000, but that amount will now be indexed to inflation.

[continued >](#)

## Updates to Catch-up Contributions

A catch-up contribution is the additional amount a saver can add to a retirement account above the contribution limit once they've reached age 50. Beginning in 2025, retirement plan participants aged 60, 61, 62, or 63 will have their catch-up contribution limits increased. Beginning in 2024, any retirement plan participant with wages above \$145,000 (indexed for inflation) will only be allowed to make catch-up contributions as a Roth contribution. For IRA investors, catch-up contribution limits will now receive an increase based on the rate of inflation.

## Changes to Roth Retirement Plans

Roth retirement plans will receive a significant number of updates. The most impactful may be that employers can now provide 401(k) matches into the Roth portion of the account (previously the match could only go towards the pre-tax portion). Additionally, it will now be possible to open SIMPLE Roth IRAs and SEP Roth IRAs (previously, only a pre-tax version of SIMPLE IRA and SEP IRAs existed).

## Converting 529 Assets into a Roth IRA

While this may be an enticing option for those who over-fund a 529, it's important to note that many conditions must be met in order to allow for this conversion. Most importantly, the Roth IRA must be in the name of the beneficiary; the 529 must have been open for at least 15 years and there is a \$35,000 maximum lifetime conversion limit. Additionally, annual conversion limits also apply.

There are many other noteworthy provisions<sup>1</sup> such as the potential for an employer to match an employee's payment on student loan debt. **As always, the financial planning team at Bahl & Gaynor is well positioned to explain any changes in the Secure Act 2.0 which can benefit you. Simply call your Wealth Management Advisor; we are here to help!**

## The Bahl & Gaynor Team

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<sup>1</sup>[https://www.finance.senate.gov/imo/media/doc/Secure%202.0\\_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf](https://www.finance.senate.gov/imo/media/doc/Secure%202.0_Section%20by%20Section%20Summary%2012-19-22%20FINAL.pdf)

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