Securing a Strong Retirement Act, also known as SECURE Act 2.0 is expected to advance this year. The law would build upon the SECURE Act that was passed in 2019 by further helping Americans save for a secure retirement.

The second SECURE Act has a number of provisions that would benefit retirement savers and employers as follows:

- Expand automatic enrollment of employees who participate in 401(k) plans
- Increase the tax credit up to 100% of the administrative costs to setting up a retirement plan
- Raise the RMD age to 73, then to 74 in 2029, and to 75 in 2032
- Reduce the penalty for failure to take an RMD to 25%
- Increase the catch-up contribution for employees to $10,000
- Allow employers to match an employee's student loan payment by making an equal contribution to the employee's retirement plan

The purpose of the original SECURE Act legislation was to make it easier for individuals to save for retirement through their employer's qualified retirement plan. The SECURE Act 2.0 would continue to incentivize employers to start a new retirement plan and simplifies the enrollment process for employees to easily participate.

As a side note, perhaps the most significant change that came about from the first SECURE Act after 2019 was the end of the so-called "stretch IRA" for many non-spouse beneficiaries. This meant most non-spouse beneficiaries could no longer take annual required minimum distributions (RMD) over their life expectancies but rather must follow a new 10-year rule. Recently the IRS' released new proposed SECURE Act regulations that offer additional guidance on whether these beneficiaries are able to delay taking a lump sum distribution as late as the tenth year or if they are subject to an RMD and the 10-year rule. We will share more on this if the proposed regulations become final later this year, as expected.

Please feel free to call us if you have any questions about these pending legislative changes affecting your retirement.