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SECURE Act Is Passed by the House

Articles May 23, 2019

This morning the US House of Representatives approved the SECURE Act, which will have wide-ranging implications for retirement plans if eventually passed by the US Senate. Among other things, the "SECURE" Act – which stands for "Setting Every Community Up for Retirement Enhancement" Act – eliminates the general rule that allows a designated beneficiary of a retirement account to withdraw the balance over his or her life expectancy after the death of the participant/owner, instead requiring that the entire balance be paid out – and typically subject to income tax – within ten years. There are some exceptions when the beneficiary is the surviving spouse, a disabled individual, an individual with a chronic illness (as defined by statute), and individuals who are no more than ten years younger than the participant/owner. The Act also increases the age when required minimum distributions must be started by the participant/owner (from 70 ½ to 72) and eliminates the age limit for contributions to individual retirement accounts. We will watch the progress of the Act through the Senate, so check back for future developments.

For questions or additional information contact Carolyn Whitworth.

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