



# LANDMARK

## WEALTH MANAGEMENT

### **SECURE Act Updates**

The SECURE Act was signed into law on December 20<sup>th</sup>, 2019, which included many changes to the well-known Required Minimum Distribution rules. The most significant relates to changes to the “stretch IRA” and inherited RMD rules. Subsequent to the law passing, proposed regulations were released on February 23<sup>rd</sup> 2022, which revised the existing RMD rules. It is expected that further clarification and commentary from the IRS will come over the summer regarding these regulations, however, the following has been interpreted thus far from the released proposal:

- Beneficiaries of IRAs who are not eligible designated beneficiaries (EDBs\*) will be subject to the 10-year rule, with the following further distribution rules:
  - If the original IRA owner died **before** RMDs began, no annual RMDs are required for the beneficiaries, however, the balance must be fully withdrawn by the end of the 10<sup>th</sup> year after death.
  - If the original IRA owner died **after** their RMDs began, they will be subject to RMDs for years 1-9, with the remaining balance fully withdrawn by the end of the 10<sup>th</sup> year after death. The RMDs for years 1-9 is calculated using the new 2022 Single Life Tables. The prior year ending IRA balance is divided by the life-expectancy factor associated with the beneficiaries age the year after death. Each year thereafter, the factor is reduced by 1, until year 10 when the full balance is withdrawn.

*\*EDB includes a surviving spouse, a disabled individual, a chronically ill individual, a minor child, or an individual who is not more than 10 years younger than the account owner.*

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### **SECURE Act 2.0 Updates**

The SECURE Act 2.0 has passed in the House as of March 29<sup>th</sup>, 2022. If passed in the Senate, and subsequently signed by President Biden, the Act would further expand and revamp retirement legislation that is currently in force. *At the time this memo was written, it is believed to be highly likely that the Act would be signed into law.*

The most significant provisions include the following:

- Increasing the Required Minimum Distribution age from 72 up to 75 over several years (2022-2032)
- Automatic enrollment for 401k(k) and 403(b) plans when an employee becomes eligible for participation
  - Begins with a minimum of 3%, followed by a 1% increased until 10% has been reached
  - Exceptions for small businesses



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Landmark will continue to monitor the interpretations, guidance, and final determinations as it relates to these newly released regulations. Your advising team will keep all of those directly impacted updated as necessary, and distributions processed in a timely manner.

**The material included in the briefing is not a comprehensive list of the proposal changes within both Acts, however, solely highlights the rules which will have the broadest impact on individuals.**

### ***About Landmark Wealth Management***

*Landmark Wealth Management is a trusted, independent, registered investment advisory firm dedicated to helping clients reach their financial goals. Our firm works in a fiduciary capacity on behalf of high-net-worth individuals and families, institutions, and non-profit organizations. We focus on portfolio management, retirement planning, tax planning, and estate and generational wealth planning. Our team is credentialed in multiple areas: Certified Financial Planner (CFP), Chartered Financial Analyst (CFA), Certified Public Accountant (CPA), Certified Private Wealth Advisor (CPWA), and Certified Investment Management Analyst (CIMA). The firm is located in Amherst, New York, a suburb of Buffalo.*