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Every Retirement Community Up for Retirement Enhancement" (SECURE) Act, a somewhat contorted name, which includes a bevy of provisions designed to help Americans ...

May. 27, 2019



The most significant retirement planning law in more than a decade is moving closer to fruition.

On May 23, 2019, the House of Representatives overwhelmingly passed the “Setting Every Retirement Community Up for Retirement Enhancement” (SECURE) Act, a somewhat contorted name, which includes a bevy of provisions designed to help Americans save more for retirement. The bill was spearheaded by a bipartisan group

including House Ways Chairman Richard Neal (Dem.-MA) and Kevin Brady (Rep.-

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and I hope to see the measure move through Congress and be signed into law in short order.”

The new proposed legislation addresses a wide range of issues but there are three key components.

1. Employer plan coverage: Only about half of the employees in this country participate in an employer-sponsored retirement plan. Not surprisingly, the gap is the greatest for low-to-moderate income workers, minorities and females and part-time workers. The bill enhances the tax credits available to employers that offer automatic enrolment in their retirement plans and expands benefits to more part-timers and temporary workers. It also allows small employers to join multiple-employer plans that can serve as fiduciaries to help facilitate low-cost accounts.

2. Contributions and distributions: As the law stands now, older workers can't contribute to IRAs after they've reached the magic age of 70½. The proposed legislation removes this age cap to encourage retirement savings later in life. In addition, seniors won't have start taking required minimum distributions (RMDs) from qualified plans and IRAs until after age 72, instead of 70½. So individuals will be able to contribute to accounts for a longer amount of time while delaying RMDs. The bill also increases the amount that can be automatically deducted from a worker's paycheck from 10% to 15%.

3. Investment options: The hard truth is that too many Americans are outliving their retirement savings. This often results from over-spending during their working careers or early in retirement. Accordingly, the SECURE Act grants access to safe-harbor annuities that may provide a source of guaranteed lifetime income. Like a seatbelt in a car, this provision is aimed at protecting workers for their own good.

Finally, the proposed legislation includes a slew of other changes, including new

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