



Secure Act 2.0:

What You Need to Know About
the Changes Taking Effect in 2025

New Rules and regulations surrounding your retirement savings always require attention.

How to save and when to save are as important as why you save. Since education is power, it is important to learn more about the Secure Act 2.0.

When these new rules were passed into law in December 2022, they promised significant changes to the retirement savings landscape. As these changes go into effect in 2025, they come at a time when we're experiencing a high interest rate environment, which can present both challenges and opportunities.

Let's examine how these rules can specifically impact you and your family:

01. APPROACHING RETIREMENT

- **Delayed Required Minimum Distributions:** The delayed RMD age provides individuals approaching retirement with greater flexibility and allows them to accumulate more savings before being required to take distributions. This can be particularly beneficial in a volatile market environment.
- **Increased Catch-Up Contributions:** Individuals aged 60-63 can significantly increase their retirement savings in the years leading up to retirement through higher catch-up contribution limits.
- **Expanded RMD Flexibility:** The ability of spousal beneficiaries to treat inherited IRAs as their own can simplify estate planning and provide greater flexibility in managing retirement income.

02. SAVING FOR RETIREMENT

- **Automatic Enrollment and Escalation:** This provision makes it easier to participate in workplace retirement plans and increase savings rates over time.
- **Emergency Savings Accounts:** The availability of emergency savings accounts within retirement plans can help avoid withdrawing from retirement savings for unexpected expenses.
- **Student Loan Matching Contributions:** This provision encourages young workers to prioritize both retirement savings and debt reduction, setting them on a strong financial path for the future.

03. HIGH-NET- WORTH INDIVIDUALS

- **Roth Contributions:** The ability to make Roth contributions to employer plans and the expanded options for Roth contributions in other plans can provide significant tax advantages.
- **529 Plan Rollovers to Roth IRAs:** This provision offers a new avenue for utilizing education savings and maximizing retirement savings opportunities.

04. BUSINESS OWNERS

- **Enhanced Tax Credits:** The increased tax credits for small businesses that establish and maintain retirement plans can incentivize employers to offer these valuable benefits to their employees, boosting employee morale and attracting top talent.
- **Simplified Plan Corrections:** The ability to self-correct inadvertent plan violations reduces administrative burdens and simplifies compliance for businesses.
- **Starter 401(k) Plans:** The introduction of starter 401(k) plans simplifies plan administration for small businesses, making it easier and more affordable to offer retirement benefits to employees.

Secure Act 2.0 also introduces several provisions that can impact estate planning strategies in a high-interest rate environment:

05. ESTATE PLANNING

- **Increased RMD Age:** The delayed RMD age may allow for greater accumulation of retirement savings, potentially increasing the estate value. Most beneficiaries inheriting the retirement plan will be subject to a ten-year distribution rule.
- **Expanded RMD Flexibility:** The ability of spousal beneficiaries to treat inherited IRAs as their own and the extension of the Roth exemption to Roth amounts in plans offer greater flexibility in managing retirement income and estate distribution.

IMPORTANT NOTE: Make sure to review all beneficiary designations and your estate plan provisions to make sure they are in compliance with Secure 2.0.

NEXT STEPS

Get in touch! We're here to help you:

- Conduct a thorough review of your existing financial plan.
- Analyze the impact of new regulations to discover ways to adapt.
- Develop impactful strategies that align with these new rules.

Like anything, your financial plan requires careful consideration and collaboration with your tax planning advisor. Together, we'll proactively implement a plan with the flexibility to adapt as your life and retirement regulation continues to evolve.

Are you interested in discussing these provisions and Secure Act 2.0 in greater detail? Simply call or email today to get started.



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