

The Secure Act - Key Aspects

Important Tax Extensions	Changes To IRAs Rules	Changes To 401(k) Rules	Misc. Important Changes
<p>Addition of extending tax incentives for economic growth, energy production, and other green initiatives.</p> <hr/> <p>Continuation of mortgage insurance premium deductions for tax filing purposes.</p> <hr/> <p>Qualified medical expenses remain at 7.5% for AGI for tax filing purposes.</p> <hr/> <p>Qualified principal residence indebtedness that is discharged is now excluded from gross income for tax filing purposes.</p> <hr/> <p>Revert Back to Kiddie Tax Rates Back to Parents Marginal Tax Rate.</p>	<p>Inherited IRAs and other retirement accounts, now require that non-spouse beneficiaries follow a 10-year distribution period to take funds versus the previous "stretch" rules that allowed for Required Minimum Distributions (RMDs) over a beneficiary's own lifetime.</p> <hr/> <p>RMD's start at age 72 instead of age 70 and ½.</p> <hr/> <p>Establishes that Non-Tuition Fellowships and Stipend Payments now meet the requirement of income eligibility to make IRA contributions.</p> <hr/> <p>Removed contribution age cap of 70 ½ from Traditional IRAs.</p>	<p>Simplification of Safe Harbor 401(k) Rules:</p> <ol style="list-style-type: none"> 1) Removal of notice requirement 2) Non-elective contributions of at least 4% of compensation 3) Establishes the last day of the year as the due date to amend distributing excess contributions for the plan year. <hr/> <p>Increases Auto Enrollment Safe Harbor Cap to 15%.</p> <hr/> <p>Allows long term part-time workers to participate in 401(k) plans. Requires:</p> <ol style="list-style-type: none"> 1) 1 year of service with over 1000 hours. 2) 3 years of service with at least 500 hours. <hr/> <p>Provides new provisions around the use of annuities within employer plans such as 401(k)s. Previously, employers were held accountable for the risk of such insurance products.</p> <hr/> <p>Added "distributable events" for annuities in a retirement plan.</p> <hr/> <p>401(k) loans made via credit card or other similar arrangements are now eliminated.</p>	<p>529 plans have been expanded to cover registered apprenticeships and up to \$10,000 can be used for qualified student loan repayments (including repayment of a sibling's student loans).</p> <hr/> <p>Increases tax credit for employers that establish a 401(k), 403(b), SEP IRA, or Simple IRA.</p> <hr/> <p>Increases penalty to the lesser of \$400 or 100% of the amount tax due for a failure of individuals to file tax returns.</p> <hr/> <p>Increases the IRS penalty for employers failing to file tax returns and employee benefit plan reports on time.</p> <hr/> <p>Allows for early penalty-free distribution of funds from retirement accounts (up to \$100,000 per event) for qualified Disaster distributions.</p> <hr/> <p>Adds new 72(b) early withdrawal provision of up to \$5,000 for penalty-free withdrawals from retirement accounts due to Birth or Adoption.</p>

