

2019 SECURE ACT PROVISIONS



NEW IRA RULES

- Elimination of the lifetime “stretch” provision for non-spouse beneficiaries of inherited IRA and other retirement accounts, replaced by a 10-year distribution cap.
- Required minimum distributions for IRAs are pushed back from age 70 ½ to 72.
- Removal of 70 ½ contribution age limit.
- Penalty-free withdrawals of \$5,000 from IRA or 401(k) accounts to pay for the cost of having or adopting a child.

401(K) PROVISIONS

- Encourage plan sponsors to include annuities as an option in workplace plans by reducing their liability if the insurer cannot meet their financial obligations.
- Provide a maximum tax credit of \$500 to employers who create a 401(k) (or 403(b), SEP IRA, or SIMPLE IRA) with automatic enrollment.
- Maximum contribution for 401(k) automatic enrollment increased to 15%.
- Long-term part-time employees who work either 1,000 hours throughout the year or have three consecutive years with 500 hours of service will be allowed to participate in their employer’s 401(k) plan.

OTHER PROVISIONS

- Employers can adopt employer-funded retirement plans up to the due date of the employer’s tax return.
- Increased penalties for employers failing to file taxpayer and employee benefit plan returns.
- Qualified education expenses for 529 plan funds expanded for student loans and apprenticeships.
- Kiddie Tax reverts applicable children’s income to be subject to child’s parents’ marginal tax rate.
- Tax extension for deduction for qualified tuition and related expenses.