

# Secure Act 2019 FAQs

## Impact to IRAs

- [I inherited an IRA. How will the SECURE Act affect me?](#)

For anyone who inherited an IRA from an original IRA owner who passed away prior to January 1, 2020, no changes to your current distribution schedule are required. However, for situations where the original IRA account owner passes away after December 31, 2019, fewer beneficiaries will be able to extend distributions from the inherited IRA over their lifetime. Many will instead need to withdraw all assets from the inherited IRA within 10 years following the death of the original account holder. Exceptions to the 10-year distribution requirement include assets left to a surviving spouse, a minor child, a disabled or chronically ill individual, and beneficiaries who are less than 10 years younger than the decedent.

- [How will the changes to inherited IRA distributions impact my retirement planning?](#)

This change will require some investors to reevaluate their retirement and/or estate planning strategies. While some beneficiaries may qualify for exemptions to the 10-year rule, others will be required to draw down assets more rapidly than required under the current rules. However, it is important to note that anyone who inherited an IRA from an original account owner who passed away prior to January 1, 2020, can continue their current distribution schedule.

- [How does the law change Required Minimum Distributions \(RMDs\)?](#)

The law increases the age at which an individual must begin taking required minimum distributions (RMDs) from 70½ to 72. The Act states that this change applies beginning with IRA account owners who will attain 70½ on or after January 1, 2020. Congress recognizes Americans are increasingly working and living longer and updating RMD rules to reflect changes in life expectancy will allow Americans to continue their retirement savings for an extended period of time.

- [I reached the age of 70½ in 2019, do I need to take an RMD in 2020?](#)

The Act states that the beginning RMD age is shifted to age 72 for those who reach the age of 70½ starting in year 2020. This would mean that those reaching age 70½ in 2019 would need to continue to take RMDs in 2020. The IRS may provide further guidance on this point so those who reached age 70½ in 2019 may want to speak with their tax advisor about their 2020 distribution approach.

- [What is the impact to contribution rules for traditional IRAs?](#)

For taxable year 2020 and beyond, the law removes the age limit at which an individual can contribute to a traditional IRA. Today, an individual cannot contribute after age 70½; the Act allows anyone that is working and has earned income to contribute to a traditional IRA regardless of age.

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[How will the new law affect distributions upon the birth or adoption of a child?](#)

Upon the birth or adoption of a child, the law permits an individual to take a "qualified birth or adoption distribution" of up to \$5,000 from an applicable eligible defined contribution plan or IRA. This distribution is not subject to the 10% early withdrawal penalty.