

## Learn how the recent Secure 2.0 Changes Impact your Retirement Planning!

### IRA Required Minimum Distribution (RMD) Changes:

- Effective January 1, 2023:
  - Born 1950 or earlier: No changes.
  - Born in 1951 - 1958: RMDs start at age 73.
  - Born in 1959 or later: RMDs start at age 75.
- Effective January 1, 2023: The penalty for failing to take an RMD will decrease from 50% to 25%.
  - The penalty is only 10% for IRAs if the mistake is corrected in a timely manner.
- Effective January 1, 2024: RMDs will no longer be required from Roth 401(k) & 403(b) accounts.

### 401(k) and 403(b) Changes:

- Effective January 1, 2024:
  - Employers will be able to provide employees the option of receiving vested matching contributions to Roth accounts.
  - All catch-up contributions for those age 50 or older and earning more than \$145,000 the prior calendar year will need to be made to a Roth account (in after-tax dollars).
  - The \$1,000 catch-up contribution limit for individuals age 50 and over will be indexed to inflation.
- Effective January 1, 2025:
  - Individuals ages 60-63 will be able to make catch-up contributions up to \$10,000 annually to a 401(k) or other employer sponsored plan.
  - Requires businesses adopting new 401(k) and 403(b) plans to automatically enroll eligible employees, starting at a contribution rate of at least 3%.
  - Permits retirement plan service providers to offer plan sponsors automatic portability services, transferring an employee's low balance retirement accounts to a new plan when they change jobs.

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### **Other Important Notes:**

- Effective January 1, 2024: Employer retirement plans can treat qualified student loan payments as elective deferrals for matching purposes.
- Effective January 1, 2024: 529-to-Roth IRA transfers can be made tax and penalty-free for the same beneficiary if:
  - The 529 account was open for 15 years or more.
  - The amount does not exceed annual Roth IRA limits, or a lifetime maximum of \$35,000.

### **To learn more about Endowment Wealth Management and our Fee-Only Fiduciary Advice:**

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