

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: Designated Roth accounts in employer-sponsored plans are generally no longer subject to pre-death required minimum distribution requirements

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.
 - Certain higher-income participants' catch-up contributions for those aged 50 or older and earning more than \$145,000 the prior calendar year may 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.

**Consult with a qualified professional regarding your specific situation, as other factors, limitations, and alternatives may impact eligibility or suitability*

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