SALES BUILDER

Planning Ideas for Your Clients

IMPORTANT PROVISIONS OF THE SECURE ACT

401(K) PROVISIONS

- Encourages employer-based plans to include annuity product options.
- Creates a tax credit for small businesses that establish a 401(k) (or a 403(b), SEP IRA, or SIMPLE IRA)
- Increased maximum contribution for 401(k) automatic enrollment moving them up to 15%.
- Introduces a way for part-time employees, w/ at least 500 hours of work for at least three consecutive years to be able to participate in their employer's 401(k) plan

NEW IRA RULES

- "Stretch" IRAs for non-spouse beneficiaries of inherited IRA and other retirement accounts has been eliminated with a new cap of 10-years as a maximum distribution period.
- Pushed back the age for requited minimum distributions (RMDs) from age 70 ½ to age 72.
- Now individuals over age 701/2 with earned income can continue to contribute to a traditional IRA
- $5000 Qualified Birth or Adoption Distribution

OTHER PROVISIONS

- Increased penalties for employers failing to file taxpayer and employee benefit plan returns
- Expanded definition of qualified education expenses for 529 plan funds to include student loans and apprenticeships.
- Elimination of the trust tax rates applied to the "Kiddie Tax", or the tax rates minor dependents pay on unearned income reverting it back to the tax rate of the parents
- Tax extension for deduction for qualified tuition and related expenses

STRATEGY

One strategy worth considering: **Use the after-tax proceeds of lifetime distributions to fund a life insurance policy.** By introducing this strategy to the right client, their beneficiaries will receive any life insurance death benefits income-tax free and can use this to help to offset any tax liability of an inherited IRA or other qualified plan..