

The New Retirement Rules: Understanding SECURE Act 2.0

Key Insights for Your
Retirement Planning

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James J. Holtzman, CFP®, is the CEO, President and Wealth Advisor with Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Jim has been selected nine consecutive times by *Medical Economics* as one of “The 150 Best Financial Advisors for Doctors in America.”

Mr. Holtzman has been selected five times by *Dental Products Report* as one of “The Best Financial Advisors for Dentists in America”.

Jim has also been previously selected three times by *Pittsburgh Magazine* as one of the Pittsburgh area’s FIVE STAR Wealth Managers, a list that represents the most elite financial advisors in Pittsburgh.

With over 20 years of experience, Jim assists all types of clients with their financial planning and investment needs. Jim’s extensive skill set includes providing financial advice to retirement-focused clients, medical and dental practices, and businesses.

Jim serves as the firm’s Income Tax and Education Funding and Planning Specialist.

Jim’s previous professional experience includes employment with various CPA and Financial Advisory organizations where he provided tax, accounting, auditing and financial consulting services to individuals and businesses. Jim has also provided financial advice to various Fortune 500 and public company executives.

Jim’s areas of concentration include income tax planning, estate planning, stock option exercise planning, insurance, retirement planning and Section 529 Plans.

Mr. Holtzman was selected by *Pittsburgh Business Times* as one of the 2013 Fast Tracker’s, which honors leaders in the Pittsburgh area’s business community who’ve had a significant impact on the growth of their organization.

Challenge

The SECURE Act introduces roughly 100 new retirement rules for **individuals** and **businesses** with various effective dates. Good planning requires a comprehensive review of the new rules and a strategy for investors to succeed in a shifting tax landscape.*



What's the Impact?

The SECURE Act 1.0 and 2.0 are the most expansive change to retirement rules in 40 years.

- The legislation affects individuals and businesses alike.
- Ultimately, the rule changes provide more ways for us to be better savers and is urging businesses to make it easier to do so.
- Planning is key—our collective goal is to maximize the new rules so we can maximize our retirement.

Key

1

The new provisions of the SECURE Act give you more time to save for retirement, but you need to know how these provisions work so that you can take advantage of them.





New Rules for Required Minimum Distributions (RMDs)

NEW LAW:

1. RMDs are gradually getting pushed back from age 72 to age 75 (depending on your age).

Birth Year	Impact of SECURE Act 2.0
<1951	N/A
1951–1959*	RMD age pushed back to 73
1960+	RMD age pushed back to 75

*Based on expected technical correction

2. Penalties for missed withdrawals have been reduced.
 - From 50% to 25%—with a three-year lookback
 - If corrected in a timely fashion—reduced to 10%
3. RMDs eliminated for Roth 401(k), 403(b), and 457(b) accounts.



New Rules for Surviving Spouse Beneficiaries

NEW LAW *(effective 2024):*

Surviving spouses can now adopt their deceased younger spouse's RMD schedule.

DETAIL:

This is especially beneficial if a younger spouse passes away before an older, surviving spouse. RMDs for the surviving spouse could then be postponed to match the deceased younger spouse's RMD schedule.

Furthermore, if the surviving spouse dies before RMDs are initiated, their beneficiaries would be allowed to "stretch" distributions over their lifetime, avoiding the new 10-year rule for disbursements.

No More Age Limits for Contributing to an IRA

NEW LAW:

Investors may continue contributing to a traditional IRA past age 70½ as long as they have earned income.



Enhanced Catch-up Contributions for Qualified Plans

NEW LAW:

Effective 2024

- **Catch-up contributions** (including IRAs) will automatically adjust for inflation.

Effective 2025

- **401(k)s and 403(b)s:** catch-ups for aged 60–63 increased to the greater of \$10,000 or 150% of the regular catch-up contribution amount
- **SIMPLE Plans:** catch-ups for aged 60–63 increased to the greater of \$5,000 or 150% of the regular catch-up contribution amount

Enhanced Catch-Up Contributions for Qualified Plans

401(k) and 403(b) Catch-Ups will have four age brackets to consider:

Up to **49**

No Catch-Up

50–59

Standard Catch-Up
(\$7,500 in 2023)

60–63

Enhanced Catch-Up
(> \$10,000 or
150% of standard in 2024)

64+

Standard Catch-Up
(\$7,500 in 2023)

Key

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The SECURE Act Gives You More Ways to Save for Retirement*



Roth Account Changes **at Work**

NEW LAW:

Effective 2023

- Employers can make **matching after-tax contributions to Roth plan accounts.**
- **Catch-ups for high wage earners (\$145k+)** must go to a Roth Account.

Effective 2024

- **Elimination of RMDs for Roth accounts** in employer-sponsored plans

Auto-Enrollment Boosts How Much You Can Save **to 15%**

NEW LAW *(effective 2025):*

- Companies now required to auto-enroll employees in 401(k) or 403(b) plans
- **Year 1:** employer can defer your salary 3%–10%
- **Year 2+:** maximum deferral up from 10% to 15%

Annuities Now Available in 401(k) plans

NEW LAW:

Companies now have more freedom to offer annuities inside 401(k) plans.

DETAIL:

An annuity is an insurance product used to turn savings into a lifetime income stream.¹

¹Annuities are long-term investments designed for retirement purposes. The value of variable annuities is subject to market risk and will fluctuate. Product guarantees are subject to the claims-paying ability of the issuing insurance company. Earnings, when withdrawn, are subject to federal and/or state income tax, including a 10% tax penalty for withdrawals before age 59½. Some income guarantees offered with annuities take the form of optional riders and carry charges in addition to the fees and charges associated with annuity products.

There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. Investments in annuity contracts may not be suitable for all investors.

Always consult a tax professional before taking action.

401(k) Plans for Small Businesses

NEW LAW *(effective 2024):*

Small businesses can offer a
“Starter 401(k) Plan.”

DETAIL:

The new plans will require auto-enrollment but provide an “opt out” choice for employees. Contributions to the plan are made solely by the employee and are linked to current IRA limitations.

401(k) Plans for Part-Time Workers

NEW LAW:

Employers must allow part-time workers to contribute to a 401(k).

DETAIL:

Employee must work at least 500 hours for three consecutive years or 1,000 hours throughout the year.



SEP and SIMPLE Plans Get Roth Options

NEW LAW:

Effective 2023

- **Roth** available in SEP and SIMPLE plans
- SEP IRA added for household employees

Effective 2024

- **SIMPLE IRA** plans get additional employer contributions, capped at \$5,000 per participant
- **SIMPLE IRA** contribution limits increase, with certain conditions

Help Building Emergency Savings

NEW LAW:

Effective 2024

Emergency Savings Accounts
offered in conjunction with qualified retirement plans.

DETAIL:

- Employees may auto enroll.
- Highly compensated individuals are ineligible.
- Qualified emergency withdrawals are capped at \$1,000 per year and you must repay or wait three years to take another.

Student Loan Help **from Employers**

NEW LAW (*effective 2024*):

- **Qualified Student Loan Payments**—employers will be able to make "matching contributions" to your retirement account (401(k), 403(b), 457(b), or SIMPLE IRA). You can use those contributions for qualified student loan payments.
- **Graduate and post-doc students eligible for IRA Contributions**

Lifetime Income Estimate for Your 401(k)

- The new rule requires that your 401(k) statements include a “lifetime income disclosure.”
- **Benefit:** You’ll be able to see how your 401(k) savings translate to monthly income in retirement.

Key

3

The SECURE Act Provides New Ways to Use Your Money*

**Always consult a tax professional before taking action.*





QCD Maximums Indexed for Inflation

NEW LAW *(effective 2024):*

QCD annual limit (\$100k) now indexed for inflation.

DETAIL:

A Qualified Charitable Distribution (QCD) is a direct transfer of funds from an IRA to a qualifying charity and allowed for people over 70½.*



Use of 529 Accounts to Pay Off Student Loans

NEW LAW:

Investors may withdraw up to \$10,000 from 529 education savings plans to repay student loans.

DETAIL:

In addition, 529 plan monies can now be used to fund apprenticeship programs registered with the Department of Labor. The Tax Cuts and Jobs Act of 2017 also broadened the use of 529 plans to cover private K-12 education.



529 Plan Funds Can Be Transferred to a Roth IRA Account

NEW LAW:

Parents can roll over up to \$35,000 of 529 college funds into a beneficiary's Roth IRA.

DETAIL:

The 529 plan must have been in effect for 15 years and subject to both a \$35,000 lifetime cap and annual IRA contribution limits—currently \$6,500.



Penalty-Free Withdrawals to Fund Long-Term Care Insurance

NEW LAW (*effective Dec. 29, 2025*):

Employees can withdraw \$2,500 annually from their company's retirement plan to pay for long-term care insurance (LTCi).

DETAIL:

The withdrawal is allowed for the lesser of 10% of the amount you paid for LTCi **or** 10% of your vested balance in the plan, **or** \$2,500 annually (adjusted for inflation).



Penalty-Free IRA Withdrawal for New Parents

NEW LAW:

New parents may withdraw up to \$5,000 from a retirement account for qualified birth or adoption expenses without a 10% early withdrawal penalty.

DETAIL:

Withdrawals must occur within one year of the birth or adoption and you may still owe taxes on the money withdrawn.



Penalty-Free Withdrawals for Other Circumstances

NEW LAW:

New provisions have been made for those who are:

- Terminally ill
- Victims of domestic abuse
- Public safety workers

DETAIL:

Public safety workers now include firefighters.

Key

4

**Your kids can still inherit your IRA,
but they can only defer taxes for up
to 10 years.**

(AKA: “Death of the Stretch IRA”)*





Time Limit For Inherited Accounts, Including Roth IRAs

NEW LAW:

With certain exceptions, beneficiaries of IRAs (including Roth IRAs) must liquidate the accounts within 10 years.*

DETAIL:

Previously, “stretching” allowed for the spreading out of tax liability on the non-spouse inherited IRA proceeds over a lifetime. Now, taxes will be due in a potentially much shorter 10-year period.

Exceptions to the **New 10-Year Rule**

- Surviving spouses
- Disabled or chronically ill beneficiaries
- Beneficiary is not more than 10 years younger than original owner
- Minor children (10-year clock starts at majority)

New rule only applies to accounts inherited in 2020 or later.



Lessons from the “Death of the Stretch”

**Tax planning is more
important than ever.**

Considering the “death of the stretch IRA,” some strategies to explore:*

- Consider Roth conversion
- Develop a distribution plan for your retirement accounts
- Manage your tax bracket
- Review beneficiaries, including trusts
- Create an estate plan that makes the most sense for everybody



SECURE Act

NEW RETIREMENT RULES

The SECURE Act changes the retirement rules.

Key

1

The new provisions of the SECURE Act give you **more time to save for retirement**, but you need to know how these provisions work so that you can take advantage of them.

Key

2

The SECURE Act gives you **more ways to save** for retirement.

Key

3

The SECURE Act provides **new ways to use your money**.

Key

4

The death of the “Stretch IRA” means that **your kids can still inherit your IRA, but they can only defer taxes for up to 10 years**.





Get Started with a Retirement Plan Review

You need to understand the impact these new retirement rules may have on you and take steps now to adjust your retirement strategies and estate plans.*

I can help.



Questions?

Contact Us

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Thank You!



Disclaimer

This presentation is not meant to be tax advice. You should always consult a qualified professional tax advisor to discuss your tax situation, especially about your unique tax and retirement situation. Everyone's tax situation is different. You should always consult a qualified professional tax advisor to discuss your specific tax situation.

I'm a (financial planner/investment advisor/advisor) and I DO NOT PROVIDE TAX ADVICE. What I do is help people understand how the tax code and other rules could impact their financial planning and investments, and then develop a plan for retirement that takes taxes into account.

