

The SECURE Act Hopes to Make Retirement More Secure – Video Transcript

The SECURE Act became law at the end of 2019, and one of its main goals is enhancing retirement readiness for Americans.

Here are 4 new rules that could help retirement savers in 2020.

To help people track their retirement savings progress, employers must provide participants in workplace defined contribution plans such as 401k and 403b plans with annual statements that illustrate the value of their current retirement plan balances in a new way—expressed as *monthly* income received over a lifetime.

The idea is to take a lump sum retirement plan balance that can seem like a lot of money and translate it into a monthly number that people can more easily understand and relate to.

This feature could help individuals gauge whether the income generated from their savings is likely to cover their living expenses through two or even three decades of retirement.

Number two: some workplace retirement plans with auto-enrollment may now automatically increase participant contributions to 15% of salary, up from 10%, though employees can opt out if they want to.

Automatic increases can be a good way to put your retirement savings effort on autopilot.

Rule number three: There is no longer a restriction on contributing to a traditional IRA after age 70½. Individuals can now make contributions at any age as long as they have earned income.

This helps older workers who want to keep saving while reducing their taxable income.

And lastly, individuals born on or after July 1, 1949 can wait until age 72 to take required minimum distributions from traditional IRAs and employer-sponsored retirement plans instead of starting them at age 70½ as required under previous law.

Later RMDs postpone payment of income taxes and give the account a longer time to pursue tax-deferred growth.

These aren't all the provisions in the SECURE Act. If you have questions about how the law may impact your finances, this may be a good time to consult your financial, tax, and/or legal professional.