

# How SECURE Act may affect your estate plans

## FARM & FAMILY

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WITH THE PASSING of the SECURE (Setting Every Community Up for Retirement Enhancement) Act in December 2019, it is good idea to review your IRA, 401(k) and 403(b) to make sure these are still working properly.

The first change you should know about is that for those who did not reach age 70 ½ by the end of 2019, the age for taking required minimum distributions from your retirement accounts increased from age 70 ½ to age 72.

With this change there are some benefits to consider. The increase in age gives people the opportunity to hold funds in these accounts longer so these grow without needing to make tax payments on your minimum withdrawals.

This also extends the time for people wanting to make conversions to a Roth IRA. These conversions may be appropriate in circumstances where a person's current income tax bracket is lower than what they expect their tax bracket will be in the future. It is suggested that you speak with your tax preparer and financial adviser on the opportunities these changes may give you.

An additional change to consider is the elimination of the lifetime stretch distribution for some designated beneficiaries. In the past, you could designate a beneficiary of your retirement account and, after your death, the designated beneficiary would be able to stretch the distributions from this account over their life expectancy.

The ability to stretch these distributions over the life expectancy of the designated beneficiary was a powerful planning tool that helped delay and reduce income tax obligations.

Under the new law, the option to stretch the distributions is not eliminated but it is greatly reduced. Only the following beneficiaries are able to stretch the distributions over their life expectancy:

- surviving spouse
- minor children (but only until the reach the age of majority)
- disabled beneficiary
- beneficiary who is chronically ill
- beneficiary who is not more than 10

years younger than you

All other designated beneficiaries will need to withdraw all benefits from the account within 10 years of your death.

The distribution rules remained the same if you do not list a designated beneficiary. In these cases, if you have not

reached your required minimum distribution age then the benefits would need to be withdrawn within five years of your death. If you have reached your required minimum distribution age, then the distributions would be made over your remaining life expectancy.

With these changes, it might be beneficial to review your designations to make sure your plan still works.

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