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January 2, 2019

I hope everyone had a good Christmas and is getting ready for a great New Year. As you aware, President Trump signed the SECURE Act as part of the government's spending bill and it will inevitably affect most retirement savers and all of us as planners whether attorney, CPA or CFP.

The SECURE legislation — which stands for “Setting Every Community Up for Retirement Enhancement” — puts into place numerous provisions intended to strengthen retirement security across the country. Like any bill written by lawyers, it's not a thrilling read. For the detail oriented, I have attached a table providing descriptions and effective dates for the provisions contained in the Setting Every Community Up for Retirement Enhancement (SECURE) Act, along with additional retirement-based revenue provisions that were incorporated into the Further Consolidated Appropriations Act, 2020 (H.R. 1865).

For those who do not enjoy reading condensed legalese, I have summarized key provisions to consider going forward for planners and clients below and also attached an even more condensed chart from [www.kitces.com](http://www.kitces.com).

## **KEY PROVISIONS**

### (1) Stretch' Retirement Account Replaced with 10-Year Rule

One of the most significant changes made by the SECURE Act is the elimination of the ‘Stretch’ provisions for most non-spouse beneficiaries of defined contribution plans and IRA accounts. Under current law for those who have already passed away (or do by the end of 2019), designated beneficiaries (generally, living human beings, and certain qualifying trusts) are eligible to stretch distributions over their life expectancy (or in the case of a qualifying trust, over the oldest applicable trust beneficiary's life expectancy).

However, for most designated beneficiaries who inherit in 2020 (i.e., where the retirement account owner themselves dies in 2020 and beyond), the new standard under the SECURE Act will be the ‘10-Year Rule’. Under this 10-Year Rule, the entire inherited retirement account must be emptied by the end of the 10<sup>th</sup> year following the year of inheritance. Similar to the existing 5-year rule for non-designated beneficiaries, though, *within* the 10-year period, there are no distribution requirements. Thus, designated beneficiaries *will* have some flexibility when it comes to timing distributions from the inherited account(s) for maximum tax efficiency... as long as the entire account balance *has* been taken by the end of the 10<sup>th</sup> year after death.

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Note that, the SECURE Act identifies the following “Eligible Designated Beneficiaries” to which the 10-year rule will not apply and the same rules previously in place take precedence:

- Spousal beneficiaries;
- Disabled beneficiaries;
- Chronically ill beneficiaries;
- Individuals who are not more than 10 years younger than the decedent
- *Certain* minor children (of the original retirement account owner), **but only until they reach the age of majority.**

In the estate planning world, this means that all estate plans and beneficiary designations need to be reviewed and possibly updated. The current “Conduit Trust” provisions in estate plans may not affect the desired result in terms of distributions under the SECURE Act.

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### (2) Required Minimum Distributions (RMDs) To Begin At 72

The other most talked about change under the SECURE Act is the onset of RMDs from age 70 ½ to age 72. Important to note that this change only applies to those individuals who turn 70 ½ *in* 2020 or later. So even though an individual turning 70 ½ on December 20, 2019 will not yet be 72 in 2020, they will still be required to continue RMDs under the existing rules, and to take an RMD for 2020 (and each year thereafter).

Another important quirk related to the 70 ½ to 72 change is that even though RMDs are pushed back to 72, Qualified Charitable Distributions are NOT, meaning one can still start QCDs at age 70 ½ . Thus, even though an individual turning 70 ½ in 2020 will not have to take an RMD for 2020, they may still use their IRA to make a QCD of up to \$100,000 for the year (after *actually* turning 70 ½ or later). Beginning in the year an individual turns 72, any amounts given to charity via a QCD will reduce the then-necessary RMD as well (while in the prior 1-2 years, it will simply allow the pre-tax IRA to be used for charitable contributions directly on a pre-tax basis).

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### (3) 10% Early Distribution Penalty Relief For Childbirth And Adoption

The SECURE Act provides for some small penalty relief (up to \$5,000) to be distributed penalty-free from an IRA or plan for qualified births or adoptions. To meet the requirements of a Qualified Birth or Adoption Distribution, an individual must take a distribution from their retirement account at any point during the one-year period beginning on either the date of birth, or the date on which the adoption of an individual under the age of 18 is finalized.

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### (4) Traditional IRA Contributions At Age 70 ½ and After

The SECURE Act lifts the prohibition on Traditional IRA contributions once an individual reaches the year in which they turn 70 ½. Thus, beginning in 2020, individuals of *any* age will be allowed to contribute to a Traditional IRA. The requirement that such individuals have “compensation” – which is generally earned income from either wages or self-employment – to make such a contribution *remains*, though.

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### (5) Life Annuity Safe Harbor

The SECURE Act creates new Section 404(e) of ERISA. This new Section essentially makes it easier to provide a life annuity within a 401k. Many planners shied away from this in the past due to fiduciary concerns, but this provision makes it easier to satisfy those requirements.

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The SECURE Act also makes it easier to transfer annuities between plans – so called “portability of lifetime annuity option.”

#### (6) Small Businesses and Retirement Plans

The SECURE ACT allows small businesses a credit of up to \$500 for up to three years for startup costs related to establishing a small business-sponsored retirement plan, such as a 401(k), 403(b), SEP IRA or SIMPLE IRA. Such businesses are defined as businesses with 100 or fewer employees receiving \$5,000 or more of compensation. For tax years beginning January 1, 2020, the maximum credit available under IRC Section 45E (for up to three years) will be increased to the *greater* of:

- \$500; or
- The lesser of:
  1.  $\$250 \times$  the number of non-highly-compensated employees *eligible* to participate in the plan; or
  2. \$5,000.

The SECURE Act allows another \$500 credit for employing an auto-enrollment option on such plans. In order to qualify for the credit, a small business must adopt an “Eligible Automatic Enrollment Arrangement”.

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#### (7) 401k Contributions

Currently, the maximum percentage of compensation that an employer can set as the plan “default” for automatic enrollment is 10%. Beginning in 2020, however, the SECURE Act will allow plans to increase the default percentage to as high as 15% in any year after the first full plan year in which the employee’s compensation is automatically deferred into the plan.

#### (8) Part Time Workers

The SECURE Act grants some partial relief to “part time” workers and their eligibility for employer retirement plans. Employee who work 500 hours in at least three (3) consecutive years for an employer, are eligible to participate in an employer retirement plan. Notably, part-time workers are not likely to earn as much as full-time workers, and therefore, may not be able to contribute as much to their 401(k)s as such persons. These changes apply to plan years beginning in 2021, however the SECURE Act does not require an employer to start ‘counting’ a 500-hour year as a 500-hour year for the purposes of this new rule until 2021.

#### (9) 529 Plans and Student Loans

The SECURE Act expands the list of qualified education expenses for which 529 plan funds. First, the SECURE Act provides that Qualified Higher Education Expenses include expenses for Apprenticeship Programs that include fees, books, supplies and required equipment, provided the program is appropriately registered and certified with the Department of Labor. In addition is the introduction of distributions for “Qualified Education Loan Repayments” as a qualified higher education expense. Such distributions may be used to pay the principal and/or interest of qualified education loans and are limited to a lifetime amount of \$10,000 (not adjusted for inflation). The \$10,000 lifetime limit is a per-person limit, and in addition to using the funds in a 529 plan to pay for the 529 plan beneficiary’s debt, an additional \$10,000 may be distributed as a qualified education loan repayment to satisfy outstanding student debt for *each* of a 529 plan beneficiary’s siblings.

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(10) Kiddie Tax Reversion

In a complete and total reversal, the SECURE Act makes any income subject to the Kiddie Tax taxable at the child's parents' marginal tax rate. The change is effective for 2020 and taxpayers can *elect* to apply the old (or is it new?) rules to the current 2019 tax year, and back to 2018 as well! As such, advisors with clients who have children that had substantial unearned income in 2019 can simply choose to use the new rules (unless the 'old' rules at trust tax rates actually were more favorable in the case of extremely affluent parents), and for 2018 advisors should carefully evaluate the potential tax savings that may be achieved by filing an amended return and electing to apply the new/old rules back to that prior year.

We hope this summary and attachments are helpful. If you have any questions after reading this, please feel free to call or also ask your CPA or financial advisor. If you do not have a CPA or financial advisor or need a referral, we can certainly help with a referral.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nick Dupre".

Nicholas A. Dupre

NAD/lsm

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## Setting Every Community Up for Retirement Enhancement (SECURE) Act Summary Chart

Updated 12/19/19

Provisions	Description	Effective Dates
<b>Division O: SECURE Act Title 1: Expanding and Preserving Retirement Savings</b>		
Multiple Employer Plans / Pooled Employer Plans (Section 101)	Allows two or more unrelated employers to join a pooled employer plan. The one bad apple rule is eliminated with further guidance forthcoming. Designated pooled plan provider must be a named fiduciary, be responsible as the ERISA Section 3(16) plan administrator, must register with the DOL/IRS, with the ERISA bond limits increased to \$1 million. Each adopting employer maintains responsibility for selection and monitoring of the pooled plan provider or any other named fiduciary. IRS and DOL have the authority to audit the pooled plan provider for Code and ERISA compliance.	Plan years beginning after Dec. 31, 2020
Increase in 10% cap for automatic enrollment safe harbor after 1st plan year (Section 102)	Modifies the automatic enrollment safe harbor to raise the automatic escalation cap from 10% of pay to 15% of pay.	Plan years beginning after Dec. 31, 2019
Rules relating to election of safe harbor 401(k) status (Section 103)	The safe harbor notice requirement for nonelective contributions is eliminated, but maintains the requirement to allow employees to make or change an	Plan years beginning after Dec. 31, 2019

Provisions	Description	Effective Dates
	<p>election at least once per year. The bill also permits plan sponsors to switch to a safe harbor 401(k) plan with nonelective contributions at any time before the 30th day before the close of the plan year. Amendments after that time would be allowed if the amendment provides (1) a nonelective contribution of at least 4% of compensation (rather than at least 3%) for all eligible employees for that plan year, and (2) the plan is amended no later than the last day for distributing excess contributions for the plan year, that is, by the close of following plan year.</p>	
<p>Increase credit limitation for small employer pension plan startup costs (Section 104)</p>	<p>Increases the credit by changing the calculation of the flat dollar amount limit on the credit to the greater of: (1) \$500, or (2) the lesser of: (a) \$250 for each employee of the eligible employer who is not a highly compensated employee and who is eligible to participate in the eligible employer plan maintained by the eligible employer, or (b) \$5,000. The credit applies for up to three years.</p>	<p>Tax years beginning after Dec. 31, 2019</p>
<p>Small employer automatic enrollment credit (Section 105)</p>	<p>Creates a new tax credit of up to \$500 per year to employers to defray startup costs for new 401(k) plans and SIMPLE IRA plans that include automatic enrollment. The credit is in addition to the plan start-up credit allowed under present law and would be available for three years. The credit would also be available to employers that convert an existing plan to an automatic enrollment design.</p>	<p>Tax years beginning after Dec. 31, 2019</p>
<p>Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes (Section 106)</p>	<p>Stipends and non-tuition fellowship payments received by graduate and postdoctoral students are not treated as compensation and cannot be used as the basis for IRA contributions. This provision removes this obstacle by taking such amounts that are includible in income into account for IRA contribution purposes.</p>	<p>Tax years beginning after Dec. 31, 2019</p>

Provisions	Description	Effective Dates
<p>Repeal of maximum age for traditional IRA contributions (Section 107)</p>	<p>Repeals the prohibition on contributions to a traditional IRA by an individual who has attained age 70½.</p>	<p>Contributions and distributions made for tax years after Dec. 31, 2019</p>
<p>Qualified plans prohibited from making loans through credit cards and similar arrangements (Section 108)</p>	<p>Prohibits the distribution of plan loans through credit cards or similar arrangements.</p>	<p>Applies to loans made after date of enactment</p>
<p>Portability of lifetime income options (Section 109)</p>	<p>Permits qualified DC plans, 403(b) plans or governmental 457(b) plans to make a direct trustee-to-trustee transfer to another employer-sponsored retirement plan or IRA of lifetime income investments or distributions of a lifetime income investment in the form of a qualified plan distribution annuity, if a lifetime income investment is no longer authorized to be held as an investment option under the plan.</p>	<p>Plan years beginning after Dec. 31, 2019</p>
<p>Treatment of custodial accounts on termination of section 403(b) plans (Section 110)</p>	<p>Under the provision, not later than six months after the date of enactment, Treasury will issue guidance under which if an employer terminates a 403(b) custodial account, the distribution needed to effectuate the plan termination may be the distribution of an individual custodial account in kind to a participant or beneficiary. The individual custodial account will be maintained on a tax-deferred basis as a 403(b) custodial account until paid out, subject to the 403(b) rules in effect at the time that the individual custodial account is distributed. The Treasury guidance shall be retroactively effective for taxable years beginning after Dec. 31, 2008.</p>	<p>Treasury to issues guidance no later than 6 months after enactment</p>
<p>Clarification of retirement income account rules relating to church-controlled organizations (Section 111)</p>	<p>Clarifies individuals that may be covered by plans maintained by church-controlled organizations. Covered individuals include duly ordained, commissioned, or licensed ministers, regardless of the source of compensation; employees of a tax-exempt organization, controlled by or</p>	<p>Applies to years beginning before, on or after enactment</p>

Provisions	Description	Effective Dates
	<p>associated with a church or a convention or association of churches; and certain employees after separation from service with a church, a convention or association of churches, or an organization described above.</p>	
<p>Qualified cash or deferred arrangements must allow long-term, part-time employees to participate (Section 112)</p>	<p>Under current law, employers generally may exclude part-time employees (employees who work less than 1,000 hours per year) when providing a defined contribution plan to their employees. Except in the case of collectively bargained plans, the bill will require employers maintaining a 401(k) plan to have a dual eligibility requirement under which an employee must complete either a one year of service requirement (with the 1,000-hour rule) or three consecutive years of service where the employee completes more than 500 hours of service. In the case of employees who are eligible solely by reason of the latter new rule, the employer may elect to exclude such employees from testing under the nondiscrimination and coverage rules, and from the application of the top-heavy rules.</p>	<p>Applies to plan years beginning after Dec. 31, 2020; 12-month periods beginning before Jan. 1, 2021 shall not be taken into account</p>
<p>Penalty-free withdrawals for individuals in case of birth or adoption (Section 113)</p>	<p>This provision creates a new waiver from the IRC Section 72(t) additional income tax on retirement plan distributions used for childbirth or adoption expenses up to \$5,000.</p>	<p>Distributions made after Dec. 31, 2019</p>
<p>Increase in age for required minimum distributions (Section 114)</p>	<p>Under current law, participants are generally required to begin taking distributions from their retirement plan at age 70½. The policy behind this rule is to ensure that individuals spend their retirement savings during their lifetime and not use their retirement plans for estate planning purposes to transfer wealth to beneficiaries. However, the age 70½ was first applied in the retirement plan context in the early 1960s and has never been adjusted to take into account increases in life</p>	<p>Distributions made after Dec. 31, 2019, for individuals who attain age 70½ after such date</p>



Provisions	Description	Effective Dates
	<p>expectancy. The provision increases the required minimum distribution age from 70½ to 72.</p>	
<p>Special rules for minimum funding standards for community newspaper plans (Section 115)</p>	<p>This provision provides pension funding relief for community newspaper plan sponsors by increasing the interest rate to calculate those funding obligations to 8%. Additionally, this bill provides for a longer amortization period of 30 years from 7 years. These two changes would reduce the annual amount struggling community newspaper employers would be required to contribute to their pension plan.</p>	<p>Applies to plan years ending after Dec. 31, 2017</p>
<p>Treat difficulty of care payments as compensation for determining contribution limitations (Section 116)</p>	<p>Many home health care workers do not have a taxable income because their only compensation comes from “difficulty of care” payments exempt from taxation under Code Section 131. Since such workers do not have taxable income, they cannot save for retirement in a DC plan or IRA. This provision would allow home health care workers to contribute to a plan or IRA by amending Code Sections 415(c) and 408(o) to provide that tax-exempt difficulty of care payments are treated as compensation for purposes of calculating the contribution limits to DC plans and IRAs.</p>	<p>Applies to contributions after date of enactment; 415(c) changes are effective for plan years beginning after Dec. 31, 2015</p>
<p><b>SECURE Act, Title II: Administrative Improvements</b></p>		
<p>Plan adopted by filing due date for year may be treated as in effect as of close of year (Section 201)</p>	<p>Permits businesses to treat qualified retirement plans adopted before the due date (including extensions) of the tax return for the taxable year to treat the plan as having been adopted as of the last day of the taxable year. The additional time to establish a plan provides flexibility for employers that are considering adopting a plan and the opportunity for employees to receive</p>	<p>Applies to plans adopted for tax years beginning after Dec. 31, 2019</p>

Provisions	Description	Effective Dates
	<p>contributions for that earlier year and begin to accumulate retirement savings.</p>	
<p>Combined annual report for group of plans (Section 202)</p>	<p>Directs the IRS and DOL to effectuate the filing of a consolidated Form 5500 for similar plans. Plans eligible for consolidated filing must be DC plans, with the same trustee, the same fiduciary (or named fiduciaries) under ERISA, and the same administrator, using the same plan year, and providing the same investments or investment options to participants and beneficiaries. The change will reduce aggregate administrative costs, making it easier for small employers to sponsor a retirement plan and thus improving retirement savings.</p>	<p>Implemented no later than Jan. 1, 2022, and shall apply to returns/reports for plan years after Dec. 31, 2021</p>
<p>Disclosure regarding lifetime income (Section 203)</p>	<p>Requires benefit statements provided to DC plan participants to include a lifetime income disclosure at least once during any 12-month period. The disclosure would illustrate the monthly payments the participant would receive if the total account balance were used to provide lifetime income streams, including a qualified joint and survivor annuity for the participant and the participant's surviving spouse and a single life annuity. The Secretary of Labor is directed to develop a model disclosure. Disclosure in terms of monthly payments will provide useful information to plan participants in correlating the funds in their defined contribution plan to lifetime income. Plan fiduciaries, plan sponsors, or other persons will have no liability under ERISA solely by reason of the provision of lifetime income stream equivalents that are derived in accordance with the assumptions and guidance under the provision and that include the explanations contained in the model disclosure.</p>	<p>Applies to pension benefit statements furnished more than 12 months after DOL issues interim final rules, the model disclosure and assumptions</p>

Provisions	Description	Effective Dates
Fiduciary safe harbor for selection of lifetime income provider (Section 204)	Provides certainty for plan sponsors in the selection of lifetime income providers, a fiduciary act under ERISA. Under the bill, fiduciaries are afforded an optional safe harbor to satisfy the prudence requirement with respect to the selection of insurers for a guaranteed retirement income contract and are protected from liability for any losses that may result to the participant or beneficiary due to an insurer's inability in the future to satisfy its financial obligations under the terms of the contract. Removing ambiguity about the applicable fiduciary standard eliminates a roadblock to offering lifetime income benefit options under a DC plan.	No effective date
Modification of nondiscrimination rules to protect older, longer service participants (Section 205)	Modifies the nondiscrimination rules with respect to closed plans to permit existing participants to continue to accrue benefits. The modification will protect the benefits for older, longer service employees as they near retirement.	Effective on date of enactment, without regard to when the plans are modified
Modification of PBGC premiums for CSEC plans (Section 206)	In 2014, different funding rules were adopted for three types of pension plans: single-employer, multiemployer and cooperative and small employer charity (CSEC) plans. The legislation establishes individualized rules for calculating PBGC premiums. For CSEC plans, the legislation specifies flat-rate premiums of \$19 per participant, and variable rate premiums of \$9 for each \$1,000 of unfunded vested benefits.	No effective date
<b>SECURE Act, Title III: Other Benefits</b>		
Benefits provided to volunteer firefighters and emergency medical responders (Section 301)	Reinstates for one year the exclusions for qualified state or local tax benefits and qualified reimbursement payments provided to members of qualified volunteer emergency response organizations and increases the exclusion for qualified reimbursement	Applies to tax years beginning after Dec. 31, 2019

Provisions	Description	Effective Dates
	payments to \$50 for each month during which a volunteer performs services.	
Expansion of Section 529 plans (Section 302)	Expands IRC Section 529 qualified tuition program accounts to cover costs associated with registered apprenticeships and qualified education loan repayments.	Applies to distributions made after Dec. 31, 2018
<b>SECURE Act, Title IV: Revenue Provisions</b>		
Modification of required distribution rules for designated beneficiaries (Section 401)	Modifies the required minimum distribution rules with respect to DC plan and IRA balances upon the death of the account owner. Under the legislation, distributions to individuals other than the surviving spouse of the employee (or IRA owner), disabled or chronically ill individuals, individuals who are not more than 10 years younger than the employee (or IRA owner), or child of the employee (or IRA owner) who has not reached the age of majority are generally required to be distributed by the end of the 10th calendar year following the year of the employee or IRA owner's death.	Applies to distributions with respect to employees who die after Dec. 31, 2019
Increase in penalty for failure to file (Section 402)	Increases the failure to file penalty to the lesser of \$435 or 100% of the amount of the tax due. Increasing the penalties will encourage the filing of timely and accurate returns which, in turn, will improve overall tax administration.	Applies to returns due after Dec. 31, 2019
Increased penalties for failure to file retirement plan returns (Section 403)	Modifies the failure to file penalties for retirement plan returns. The Form 5500 penalty would be modified to \$250 per day, not to exceed \$150,000. Failure to file a registration statement would incur a penalty of \$10 per participant per day, not to exceed \$50,000. Failure to file a required notification of change would result in a penalty of \$10 per day, not to	Applies to returns, statements and notifications required to be filed, and notices required to be provided after Dec. 31, 2019

Provisions	Description	Effective Dates
	<p>exceed \$10,000 for any failure. Failure to provide a required withholding notice results in a penalty of \$100 for each failure, not to exceed \$50,000 for all failures during any calendar year. Increasing the penalties will encourage the filing of timely and accurate information returns and statements and the provision of required notices, which, in turn, will improve overall tax administration.</p>	
<p>Increase information sharing to administer excise taxes (Section 404)</p>	<p>Allows the IRS to share returns and return information with the U.S. Customs and Border Protection for purposes of administering and collecting the heavy vehicle use tax.</p>	<p>No effective date</p>
<p><b>SECURE Act, Title V: Tax Relief for Certain Children</b></p>		
<p>Modification of the rules relating to the taxation of unearned income of certain children (Section 501)</p>	<p>Reduces taxes levied on children's military survivor benefits and certain other nonearned income.</p>	<p>Tax years beginning after Dec. 31, 2018 (with elective retroactive application)</p>
<p><b>SECURE Act, Title VI: Administrative Provisions</b></p>		
<p>Provisions relating to plan amendments (Section 601)</p>	<p>Provides for a remedial plan amendment period until the 2022 plan year (2024 plan year for Section 414(d) governmental plans) or a later date if Treasury provides for any plan amendment required under the SECURE Act.</p>	<p>No effective date</p>
<p><b>Division Q of Appropriations Act (H.R. 1865)</b> <b>Title II: Disaster Tax Relief</b> Special disaster-related rules for use of retirement funds (Section 202)</p>	<p>This provision creates a waiver from the Section 72(t) additional income tax penalty for qualified disaster distributions from retirement plans up to \$100,000. Individuals can spread income tax payment on the qualified disaster distribution ratably over a three-</p>	<p>Applies to individuals who suffered losses in a qualified disaster area beginning after 2017 and ending 60 days after the date of enactment.</p>

Provisions	Description	Effective Dates
	<p>year period. Individuals are permitted three years to repay the distribution back into the retirement plan. Individuals who took a hardship distribution from a retirement plan for a first-time home purchase in the disaster area whose transaction was terminated due to the disaster is able to recontribute the amount back into the retirement plan without tax penalty. The loan limits on retirement plans subject to this relief can be increased from \$50,000 to \$100,000 and retirement plan loan repayment periods extended.</p>	



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## Setting Every Community Up for Retirement Enhancement (SECURE) Act Condensed Summary Chart

Updated 12/19/19

NEW IRA RULES	401(K) PROVISIONS	OTHER PROVISIONS	TAX EXTENDERS
<ul style="list-style-type: none"><li>• Elimination of the lifetime "stretch" provision for non-spouse beneficiaries of inherited IRA and other retirement accounts, replaced by a 10-year distribution cap</li><li>• RMDs for IRAs required to start beginning at age 72 (instead of 70 ½)</li><li>• Removal of 70 ½ contribution age limit</li><li>• \$5,000 Qualified Birth or Adoption Distribution</li><li>• Taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes</li><li>• Non-deductible IRA contributions can be made with certain foster care payments</li></ul>	<ul style="list-style-type: none"><li>• Provision of ERISA fiduciary Safe Harbor for selecting an annuity provider for retirement plans.</li><li>• Creation of a "distributable event" for annuities no longer allowed as plan investment options</li><li>• Tax credit for small businesses that establish a 401(k) (or a 403(b), SEP IRA, or SIMPLE IRA)</li><li>• Tax credit for adoption of auto-enrollment of participants in 401(k) plans</li><li>• Maximum contribution for 401(k) automatic enrollment increased to 15%</li><li>• Long-term, part-time employees who work at least 500 hours in at least three consecutive years will be eligible to participate in their employer's 401K plan</li><li>• Provides for MEPs to maintain qualified status overall, if only one employer's portion is disqualified</li><li>• Elimination of 401(k) loans made via credit cards or similar arrangements</li></ul>	<ul style="list-style-type: none"><li>• Employers may adopt employer-funded retirement plans up to the due date of the employer's tax return</li><li>• Increased penalties for employers failing to file taxpayer and employee benefit plan returns</li><li>• Qualified education expenses for 529 plan funds expanded for student loans and apprenticeships</li><li>• Kiddie tax reverts applicable children's income to be subject to child's parents' marginal tax rate</li><li>• Allowance of qualified Disaster Distributions up to \$100,000 per disaster, from retirement accounts</li></ul>	<ul style="list-style-type: none"><li>• Discharge of certain qualified principal residence indebtedness is excluded from gross income</li><li>• Allowance of mortgage insurance premium deduction</li><li>• Deduction for qualified tuition and related expenses</li><li>• AGI "hurdle rate" for deducting qualified medical expenses to remain at 7.5%</li><li>• Miscellaneous incentives for economic growth, energy production, and green initiatives</li></ul>