

## POSSIBLE RETIREMENT LEGISLATION CHANGES FOR 2021

Several bills are currently proposed in Congress. While nothing has been signed into law yet, Setting Every Community Up for Retirement Enhancement 2.0 (SECURE Act 2.0) has bipartisan support, and it appears that some change is on the way. We will address a few of the proposed changes and how they may impact planning for clients.

These are a few of the many proposed changes in [SECURE Act 2.0](#) that could impact your planning:

- Raise required minimum distribution (RMD) age to 75 from current 72. This impacts only those clients who don't need their RMD by affording the three additional years of deferral. Those that need funds for living expense will likely continue to draw on them as needed. This age increase would be phased in from 2022 to 2030.
- Auto-enrollment in workplace retirement accounts. While your clients likely are saving efficiently through their workplace retirement plans, many Americans are not. Those folks would need to opt out of retirement savings versus opting in, likely increasing their prospects for future retirement.
- Larger catch-up contributions for those ages 62-64. This contribution change would be above and beyond the current additional contributions for those older than age 50 for catch-up contributions. This would allow folks to juice-up their retirement savings in their final few years in the workforce. Some folks might use this change to lower their current taxable income so they could do a partial Roth conversion or contribute the catch-up amount to their designated Roth account in their workplace plan.

- Additional tax credits for small employers. This change is to encourage small employers to offer retirement savings plans to their employees.
- [The Enhancing Emergency and Retirement Savings Act of 2021](#) would allow IRA owners to take one penalty-free withdrawal of up to \$1,000 per year. Taxes still may be due on the withdrawal. While the withdrawals would limit the amount saved for retirement, it could give more folks confidence to save in a retirement account knowing they could access the funds for emergencies. It is estimated that almost 40% of Americans wouldn't be able to afford an unexpected \$400 expense.

There is a strong potential that changes to both tax and retirement savings may happen. Be prepared; understanding how those changes may impact your clients' goals and planning in advance will help you better manage the change without disrupting their plans. Keep following for updates.

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## Additional Resources and Links

[What You Need to Know About the SECURE Act \(video\)](#)

[The SECURE Act: Key Retirement Plan Provisions](#)

[Setting Every Community Up for Retirement Enhancement \(SECURE\)](#)

[Securing a Strong Retirement Act of 2021 \(H.R. 2954\)](#)

For more information about retirement planning,  
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2 of 2



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