

IRA Required Minimum Distributions

Some of the more impactful SECURE Act changes include:

Required Minimum Distributions (RMDs)

- Participants must begin taking RMDs annually, beginning the year in which the participant reaches the federal RMD age of 72.
- Participants who do not fulfill the annual distribution requirement, risk being assessed a 50% IRS penalty on the undistributed amount.
- The new law only applies to individuals who turn 70½, after December 31, 2019. If an individual turned 70½, in 2019, this new law does not apply. That individual must take an RMD in 2019, 2020, and beyond.
- See [Introduction to required minimum distributions \(RMDs\)](#) for more information.

Traditional IRA Contributions

In the past, clients over age 70½ could not contribute to a traditional IRA. The SECURE Act allows clients at or over the age of 70½, with earned income (wages or self-employment income) to make 2020 traditional IRA contributions.

529 Changes

The SECURE Act expanded the usage rules of 529 plan assets, as follows:

- 529 account assets can be used to cover certain apprenticeships.
- 529 account assets can be used to repay up to \$10,000 in student loans for the named beneficiary and any siblings.
- Example: If your client has three children, up to \$30,000 could be used to pay down the student debt (\$10,000 for each).