



PROPOSED BILL DESIGNED TO INCREASE RETIREMENT PLAN PARTICIPATION

The Setting Every Community Up for Retirement Enhancement legislation, referred to as the SECURE Act, proposes the most significant changes to the retirement savings landscape in more than a decade. The bill passed in the House in May 2019 but has stalled in the Senate. It has support, but not unanimous consent, and some say it may not pass this year.^{1,2}

Here are a few of the retirement savings changes the bill proposes:^{2,3,4}

- **Open Multiple Employer Plans (“open MEPs”):** Two or more unrelated employers could pool together into commonly administered plans, creating economies of scale that could expand access and lower plan sponsors’ and plan participants’ costs.
- **Simplifying 401(k) safe harbor rules:** Plan sponsors would be able to select annuity providers to offer annuities within a 401(k).
- **Allowing long-term, part-time workers to participate in 401(k) plans:** Employees who have worked for an employer for at least three years and at least 500 hours a year could participate in a retirement plan.
- **Repeal the maximum age for traditional IRA contributions:** Currently the age is 70½ and eliminating it would help individuals maximize contributions.
- **Extending the current required minimum distribution requirement age:** The age would increase from 70½ to 72, which would allow retirement savings more time to grow tax-deferred.



- **Lifetime income disclosure for defined contribution (DC) plans:** DC plans would be required to provide a lifetime income disclosure to participants once every 12 months to show how much income a lump-sum balance could generate.
- **Removal of “stretch” inherited IRA provisions:** Currently, beneficiaries can spread distributions over their life expectancy, which allows for transfer of wealth to heirs. The bill would require non-spouse beneficiaries to receive distributions from the account over a 10-year period. The tax burden this would likely create would increase the need for strategic estate planning and potentially more Roth IRA conversions.

¹ “SECURE Act Enacted in Senate After Flying Through House,” planadvisor.com. <https://bit.ly/2ZiLsIG>

² “House Overwhelmingly Backs SECURE Act; Focus Now Turns to Senate,” NAPA. <https://bit.ly/2z5Wmq9>

³ “8 Major Ways the SECURE Act Could Impact Your Retirement Plan,” forbes.com. <https://bit.ly/2THXWOY>

⁴ “House Passes Bipartisan Retirement Bill,” cnbc.com. <https://cnb.cx/2W4Wn1F>

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