



Chesapeake Currents

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Dear Friends,

Welcome to the new year! Please read the information below about the new SECURE Act, as it could have quite an effect on you and your beneficiaries.

As always, if you, your friends or family have any questions, we would be happy to hear from you; we sincerely appreciate your business and your referrals.

Regards,
[John F. Robbert](#)

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Important Dates:

Tuesday, March 3, 2020

SECURE Act Information
Seminar
Ocean View, DE

Tuesday, March 10, 2020

SECURE Act Information
Seminar
Annapolis, MD

Anytime

Need to update your documents? Have a question? Please call us anytime to schedule an appointment!



Sharon J. Ritter Beall
Licensed in Maryland

SECURE Act: How It Will Affect You and the Beneficiaries of Your Retirement Accounts

On December 20, 2019, President Trump signed the **Setting Every Community Up for Retirement Enhancement Act (SECURE Act)**. The SECURE Act is effective January 1, 2020. The Act is the most impactful legislation affecting retirement accounts in decades. The SECURE Act has several positive changes: It increases the required beginning date (RBD) for required minimum distributions (RMDs) from your individual retirement accounts from 70 ½ to 72 years of age, and it eliminates the age restriction for contributions to qualified retirement accounts. However, perhaps the most significant change will affect the beneficiaries of your retirement accounts: The SECURE Act requires most designated beneficiaries to withdraw the entire balance of an inherited retirement account within ten years of the account owner's death.^[1]

The SECURE Act does provide a few exceptions to this new mandatory ten-year withdrawal rule: spouses, beneficiaries who are not more than ten years younger than the account owner, the account owner's children who have not reached the "age of majority," disabled individuals, and chronically ill individuals. However, proper analysis of your estate planning goals and planning for your intended beneficiaries' circumstances are imperative to ensure your goals are accomplished and your beneficiaries are properly planned for.

Under the old law, beneficiaries of inherited retirement accounts could take distributions over their individual life expectancy. Under the SECURE Act, the shorter ten-year time frame for taking distributions will result in the acceleration of income tax due, possibly causing your beneficiaries to be bumped into a higher income tax bracket, thus receiving less of the funds contained in the retirement account than you may have originally anticipated.

Your estate planning goals likely include more than just tax considerations. You might be concerned with protecting a beneficiary's inheritance from their creditors, future lawsuits, and a divorcing spouse. All those considerations are impacted with this new law.

I am now studying how to best respond to this change in the law and will announce the results of that study at two seminars, one in Ocean View DE on March 3, 2020 and the other in Annapolis on March 10, 2020. Stay tuned.