What is the SECURE Act?

The **Setting Every Community Up for Retirement Enhancement (SECURE) Act** is a bipartisan bill designed to aid Americans' ability to save for retirement. The bill seeks to improve the country's retirement prospects. The bill passed the U.S. House of Representatives in a 417–3 vote in July 2019 and then by the Senate as part of the Dec. 19 spending and tax-extension bills. It was signed into law by President Donald Trump on Dec. 20, 2019.[1]

Understanding the SECURE Act

The SECURE Act is designed to ease the looming retirement savings crisis by:

- Making it easier for small businesses to offer their employees 401(k) plans by providing tax credits and protections on collective Multiple Employer Plans
- Allowing retirement benefits for long-term, part-time employees
- Removing maximum age limits on retirement contributions, formerly capped at age 70½
- Raising the required minimum distribution (RMD) age to 72 from 70½
- Allowing penalty-free withdrawals up to $5,000 from retirement plans for the birth or adoption of a child
- Relaxing rules on employers offering annuities through sponsored retirement plans
- Allowing penalty-free withdrawals of up to $10,000 from 529 education-savings plans for the repayment of certain student loans
- Revising components of the Tax Cuts and Jobs Act that raised taxes on benefits received by family members of deceased veterans, as well as students and some Native Americans
- And to raise an estimated $15.7 billion to pay for these changes: removing the stretch IRA estate-planning strategy that permits non-spouse beneficiaries of IRAs to spread disbursements from the inherited money over their lifetime. The new limit will be within 10 years of the death of the original account holder except for distributions made to certain eligible designated beneficiaries.
- The bill eliminates the taxation of the unearned income of children at rates applicable to trusts and estates. Such income would be taxed at the parents' marginal tax rates.