

# 2019 SECURE ACT PROVISIONS

## NEW IRA RULES

- Elimination of the lifetime “stretch” provision for non-spouse beneficiaries of inherited IRA and other retirement accounts, replaced by a 10-year distribution cap.
- Required minimum distributions for IRAs are pushed back from age 70 ½ to 72.
- Removal of 70 ½ contribution age limit.
- Penalty-free withdrawals of \$5000 from 401(k) accounts to pay for the cost of having or adopting a child.

## 401(K) PROVISIONS

- Encourage plan sponsors to include annuities as an option in workplace plans by reducing their liability if the insurer cannot meet their financial obligations.
- Provide a maximum tax credit of \$500 to employers who create a 401(k) (or 403(b), SEP IRA, or SIMPLE IRA) with automatic enrollment.
- Maximum contribution for 401(k) automatic enrollment increased to 15%.
- Long-term part-time employees who work either 1000 hours throughout the year or have three consecutive years with 500 hours of service will be allowed to participate in their employer’s 401(k) plan.

## OTHER PROVISIONS

- Employers can adopt employer-funded retirement plans up to the due date of the employer’s tax return.
- Increased penalties for employers failing to file taxpayer and employee benefit plan returns.
- Qualified education expenses for 529 plan funds expanded for student loans and apprenticeships.
- Kiddie Tax reverts applicable children’s income to be subject to child’s parents’ marginal tax rate.
- Tax extension for deduction for qualified tuition and related expenses.