

# THE SECURE ACT AND HOW COULD IT AFFECT YOUR RETIREMENT AND ESTATE PLAN



**Presented by:**

**James J. Holtzman, CFP®**

**Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.®**

## **JAMES J. HOLTZMAN, CFP®**



**James J. Holtzman, CFP®, is a Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.® and Emerging Wealth Investment Management, Inc.®**

**With over 20 years of experience, Jim assists all types of clients with their financial planning and investment needs. Jim's extensive skill set includes providing financial advice to retirement-focused clients, medical and dental practices, and businesses.**

**Jim serves as the firm's Income Tax and Education Funding and Planning Specialist.**

**Jim's previous professional experience includes employment with various CPA and Financial Advisory organizations where he provided tax, accounting, auditing and financial consulting services to individuals and businesses. Jim has also provided financial advice to various Fortune 500 and public company executives.**

**Jim's areas of concentration include income tax planning, estate planning, stock option exercise planning, insurance, retirement planning and Section 529 Plans.**

# **SECURE ACT**

- 1. “Setting Every Community Up For Retirement Enhancement”.**
- 2. House of Representatives: Passed on December 17, 2019**
- 3. Senate: Passed On December 19, 2019**
- 4. President Trump Signed: December 20, 2019**

# **TRADITIONAL IRA**

# **TRADITIONAL IRA ELIGIBLE COMPENSATION**

- 1. Taxable Non-Tuition Fellowship**
- 2. Taxable Stipend Payments**

# **TRADITIONAL IRA – NO AGE RESTRICTIONS**

- 1. No Maximum Age**
- 2. Still Need To Have Earned Income**

# **REQUIRED MINIMUM DISTRIBUTIONS (RMD)**

- 1. Beginning Age Increased From 70.5 To 72.**
- 2. If Taking RMD Already, Then No Change.**
- 3. If Reached Age 70.5 In 2019, Still Need To Start RMD**

# **REQUIRED MINIMUM DISTRIBUTIONS (RMD)**

## **1. Qualified Charitable Distribution**

**Starting Age Remains At 70.5.**

## **2. Can Still Delay First Distribution Until**

**April 1 Of The Following Year**

## **3. RMD Tables Do Not Change**



# EDUCATION PLANNING

# **SECTION 529 PLAN WITHDRAWALS – STUDENT LOANS**

- 1. Parents Can Withdraw Up To \$10,000.00 From  
529 Plans To Repay Student Loans.**
  - a. Principal And Interest**
  - b. Lifetime Limit Of \$10,000.00**
  - c. Per-Person Limit**
  - d. Retroactive To The Beginning Of 2019**

# **SECTION 529 PLAN WITHDRAWALS – APPRENTICESHIPS**

- 1. Can Be Used For Apprenticeships**
- 2. Apprenticeship Must Register And Certified  
By The Department Of Labor.**

# **HIGHER EDUCATION TUITION AND FEES DEDUCTION**

- 1. Extended For 2020**
- 2. Retroactive For 2018 And 2019**
- 3. Up To \$4,000.00**
- 4. Modified Adjusted Gross Income Limits**

**STRETCH IRA**

# **ELIMINATION OF STRETCH IRA**

- 1. NEW RULE - Non-Spouse Beneficiaries Need To Withdraw Inherited IRA Account Within 10 Years.**
- 2. OLD RULE – Non-Spouse Beneficiaries - Required Minimum Distribution Over Their Lifetimes.**

# **ELIMINATION OF STRETCH IRA – EXCEPTIONS**

- 1. Spouses**
- 2. Disabled**
- 3. Chronically Ill**
- 4. Individuals Not More Than 10 Years Younger Than  
The Decedent**
- 5. Minor Children Until They Reach The Age Of Majority**

# **ELIMINATION OF STRETCH IRA - SEE-THROUGH TRUSTS**

- 1. Stretch Distribution Over The Oldest Beneficiary**
- 2. Possible Problem**
  - 1. RMD To Trust Then To Trust Beneficiary**
  - 2. Now Only Year For RMD Is Year 10**
  - 3. Trust Language Is Important**



# **ELIMINATION OF STRETCH IRA - DISCRETIONARY TRUSTS**

- 1. Retirement Account Distribution Can Remain  
In Trust**
- 2. Subject To Trust Tax Rates**
- 3. Benefit: Trustee Can Disburse Whenever  
Appropriate**

# **KIDDIE TAX**

# **KIDDIE TAX CHANGES**

- 1. Repeal Of Changes Two Years Ago.**
- 2. Applies To Parent's Income Tax Bracket, Not The Trust Tax Rates**
- 3. Effective In 2020**
- 4. Taxpayer Can Elect To Apply Old Rules To 2019 And 2018**

# ITEMIZED DEDUCTIONS

# **MORTGAGE INSURANCE PREMIUM**

- 1. Extended For 2020**
- 2. Retroactive For 2018 And 2019**

# **MEDICAL EXPENSES**

**7.5% Of Adjusted Gross Income For 2019 And  
2020**

# RETIREMENT PLANS

# **RETIREMENT PLAN WITHDRAWAL – YEAR OF BIRTH OR ADOPTION**

- 1. Parents Can Withdraw Up To \$5,000.00 From Retirement Accounts Penalty-Free**
- 2. Distribution - Within A Year After Birth/Adoption**
- 3. Qualified Expenses Before Birth/Adoption**
- 4. Can Repay Distribution**
  - 1. No Timeline Has Been Announced Yet**



# **PART-TIME EMPLOYEE – RETIREMENT PLAN**

- 1. Either One Full Year With 1,000 Hours  
Worked Or Three Consecutive Years Of At  
Least 500 Hours**
- 2. OLD RULE: Above 1,000 Hours Worked In A  
Year**

# **ESTABLISH RETIREMENT PLANS**

- 1. Starting January 1, 2020**
- 2. Credit For Starting Retirement Plan**
- 3. Based On Eligible Employees**
- 4. Up To \$5,000.00 Credit Available**

# **MULTIPLE EMPLOYER PLANS**

- 1. Old Rule – Used To Need To Have Common Relationships Like The Same Industry**
- 2. Unrelated Employers Can Have Common Interests Or Reside In Same Geographic Locations.**
- 3. “Bad Apple Rule” Is Eliminated**

# **AUTO ENROLLMENT CREDIT**

- 1. \$500.00 Credit**
- 2. Must Adopt “Eligible Automatic Enrollment Arrangement”**
- 3. Beginning In 2020**
- 4. Claimed In The Year The Auto-Enrollment Is First Adopted Along With The Two Following Years**

# **AUTO ENROLLMENT: 401(k) PLAN**

- 1. Beginning In 2020, Capped At 15% Of Compensation**
- 2. Old Rule: Capped At 10% Of Compensation**

# **ANNUITIES IN RETIREMENT PLANS**

- 1. Always Have Been Allowed**
- 2. Fiduciaries Worry If Insurance Company Fails**
- 3. New Rules Lessen Liability Of Fiduciaries**

# **ANNUITIES IN RETIREMENT PLANS – REVIEW FINANCIAL CAPABILITY**

- 1. Fiduciaries Must Review Financial Capability Of Insurer To Satisfy Obligations.**
- 2. At Time Of Selection, The Insurer Is Financially Capable Of Satisfying Its Obligation Under The Contract**
- 3. Satisfied By Obtaining Representations By Insurer**
- 4. Review Annually**

# **ANNUITIES IN RETIREMENT PLANS – REVIEW COSTS ARE REASONABLE**

- 1. Fees And Commissions In Relation To  
Benefits And Product Features Are  
Reasonable.**
- 2. Not Required To Select The Cheapest Option**



# QUESTIONS AND ANSWERS

The image features the text "Q&A" in a 3D, blocky font. The letters "Q" and "A" are a vibrant red, while the ampersand "&" is a metallic grey. The characters are positioned on a white surface, casting soft, light grey shadows beneath them, which gives them a three-dimensional appearance. The overall style is clean and modern.



**Legend Financial Advisors, Inc.®**  
**5700 Corporate Drive, Suite 350**  
**Pittsburgh, PA 15237-5829**  
**Phone: (412) 635-9210**  
**E-mail: [legend@legend-financial.com](mailto:legend@legend-financial.com)**  
**[www.legacy-financial.com](http://www.legacy-financial.com)**



**EmergingWealth Investment**  
**Management, Inc.®**  
**5700 Corporate Drive, Suite 360**  
**Pittsburgh, PA 15237-5829**  
**Phone: (412) 548-1386**