

Secure Act 2.0 Highlights

As 2022 ended, Congress passed what has been dubbed "SECURE Act 2.0." This legislation builds on the original SECURE Act, and includes many changes aimed at helping Americans save more effectively for retirement. Below is a summary of the most impactful changes included in the new legislation.

Highlights

Increase in RMD Age The age at which IRA owners must begin taking required minimum distributions (RMD's) has increased to 73 starting in 2023. It increases again to 75 in 2033.

Decrease in RMD Penalty The penalty for not taking the full RMD has decreased from 50% to 25%.

New Spousal Inherited IRA Option Starting in 2024, a surviving spouse can choose to be treated as the *deceased* IRA owner. This will be effective for surviving spouses who are older than the deceased spouse.

Roth 401k RMD's Eliminated Roth 401k's have an RMD requirement, just like any other pre-tax 401k. SECURE Act 2.0 removes the RMD requirement for Roth 401k's beginning in 2024.

Creation of Roth SIMPLE IRA and Roth SEP Participants in SIMPLE IRA's and SEP IRA's can now elect to make Roth contributions.

Catch-up Contribution Increased (for some) Starting January 1, 2025, individuals ages 60 through 63 years old will be able to make catch-up contributions equal to the greater of \$10,000 or 150% of the age 50 catch-up (currently \$7500) annually to a workplace plan, and that amount will be indexed to inflation. *One caveat: If you earn more than \$145,000 in the prior calendar year, all catch-up contributions at age 50 or older will need to be made to a Roth account in after-tax dollars.*

IRA Catch-Up Contributions Indexed for Inflation Starting in 2024, IRA catch-up contributions will be indexed for inflation in \$100 increments.

Employer Matching Employers will be able to make matching contributions to Roth accounts. Currently, matching contributions can only be made to pre-tax accounts. Employers will also be able to match employees' student loan payments with contributions to the employee's retirement plan.

Qualified Charitable Distributions Taxpayers age 70 1/2 and older will be able to make a one-time qualified charitable distribution (QCD) from an IRA to a charitable remainder trust, subject to a \$50,000 limit (adjusted for inflation). Also, beginning in 2024, the annual QCD limit of \$100,000 will be indexed for inflation.

529 Plan Rollovers to Roth IRA's After a 529 plan is 15 years old, a portion of the balance can be rolled over to a Roth IRA for the beneficiary. Rollovers will effectively be treated as Roth contributions and are subject to the annual contribution limit in effect each year. The lifetime limit is \$35,000.

ABLE Account Availability Starting in 2026, ABLE account age eligibility will increase from age 25 to age 46 (based on the age the disability began).

Please reach out to your Calamos Wealth Management team for additional information.

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