

Consolidated Appropriations Act of 2023

Secure Act 2.0 Key Provisions

Effective Date: Dec 23, 2022

There are many detailed provisions included in Secure Act 2.0. These are some of the notable provisions.

Required Minimum Distributions (RMDs)

The age to start RMDs is revised based on birth year. No change if you already started RMDs.

Birth Year	RMD Start Age & Year
1950 or earlier	72 (2022 or earlier)
1951 - 1959	73 (2024 - 2032)
1960 or later	75 (2035 or later)

Qualified Charitable Distributions (QCDs)

The age to start QCDs remains unchanged at 70 ½. You can begin to make charitable distributions from your IRA once you attain age 70 ½. The annual maximum charitable distribution also remains unchanged at \$100,000.

However, this maximum amount is indexed to inflation beginning in 2024.

Penalty for missed or incomplete RMDs

- The penalty is reduced from 50% to 25%
- The penalty for timely corrections (within 2 years) is further reduced from 25% to 10%
- Penalty abatement requests are still allowed.

IRA Catch-up Contributions

- Age 50+ IRA catch-up contributions are indexed to inflation starting in 2024 in \$100 increments

Employer Plan Catch-up Contributions

- Beginning in 2025, the annual catch-up contribution for employees age 60 - 63 is increased by 50%. Example: \$7,500 catch-up contribution is increased to \$11,250 (\$7,500 + \$3,750) for ages 60 - 63 only.

Roth account provisions

- 2023: SIMPLE Roth IRA accounts and SEP Roth IRA accounts are now available in addition to the traditional pre-tax SIMPLE and SEP IRAs
- 2023: Employer contributions are now eligible to be made as Roth contributions. This is the employer option. Previously, employer contributions were only allowed as pre-tax contributions.
- 2024: RMDs for employer plan Roth accounts are eliminated. This makes employer plan Roth accounts consistent with Roth IRA accounts which have no RMD requirements.
- 2024: Catch-up contributions to employer plans for high wage earners (\$145k+ indexed to inflation) must be made as Roth contributions instead of pre-tax contributions.
- 2024: 529 plan to Roth IRA transfers are allowed under specific conditions
 - The 529 plan must be at least 15 years old
 - The Roth IRA account must be in the name of the 529 beneficiary
 - The maximum lifetime transfer is \$35k.
 - Contributions and earnings within the last 5 years are not eligible for transfer to the Roth IRA.