APPLETON PARTNERS, INC.

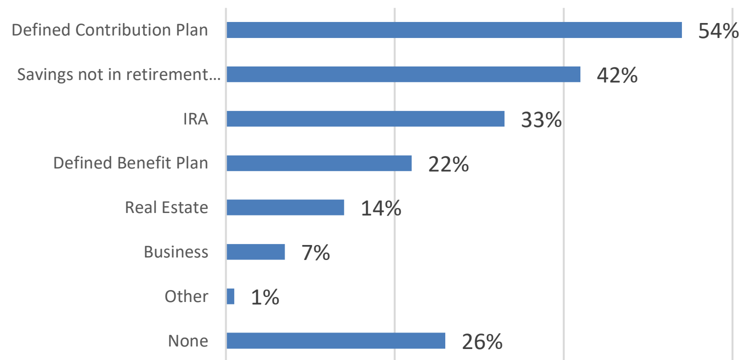
THE SECURE ACT: THE IMPACT ON RETIREMENT PLANNING

Retirement savings adequacy is one of America's foremost challenges. Helping clients understand and maximize the options available to them is integral to our role as a wealth management advisor. The Setting Every Community Up for Retirement Enhancement (SECURE) Act, which became effective January 1, 2020, will have wide ranging ramifications. We see three provisions as particularly worthy of emphasis:

- The start date for Required Minimum Distributions (RMDs) from retirement accounts was extended to age 72 for individuals not reaching age 70 1/2 prior to December 31, 2019;
- Repeal of the age limitation on traditional IRAs, which now matches 401(k) and Roth IRA rules, enables continued contributions after age 70 1/2 for those with earned income;
- With limited exceptions, the popular "Stretch IRA" has been eliminated by requiring assets of inherited retirement plans to be distributed within 10 years for newly inherited accounts in 2020 and beyond.

Moving back the start date for RMDs and allowing for continued IRA contributions for those working beyond age 70 1/2 are positive developments. However, elimination of the Stretch IRA for retirement plan beneficiaries (with limited exceptions), is a retirement savings setback.

Forms of Retirement Savings among non-retirees



Note: Among non-retirees. Respondents can select multiple answers.

Source: Report on the Economic Well-Being of U.S. Households in 2018 - May 2019, www.federalreserve.gov

OTHER NOTABLE CHANGES

- Increased access to retirement plans for small employers and their employees;
- $500 tax credit to encourage smaller employers to auto enroll employees in their company plans;
- Allowing long-term part-time employees to participate in company 401(k) plans (employees with at least 500 hours worked for three consecutive years);
- Mandated disclosures for Defined Contribution plans indicating how much income a lump sum balance could generate;
- Greater flexibility to offer annuities in company retirement plans;
- Allowing up to $10,000 of 529 Plan funds to be used to pay off student loan debt;
- A new 10% penalty exception for Birth or Adoption up to $5,000.

OUR RECOMMENDATIONS

Tax law and retirement savings regulation can be complicated and difficult to follow for the average employee and/or small business owner. Individual circumstances differ and we strongly recommend periodically reviewing your personal situation. Our portfolio managers can help identify opportunities to maximize the avenues open to you, particularly given The SECURE Act's focus on broadening and expanding access to retirement savings.

How can we help you? Please contact:
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