

Law Change: Required Minimum Distributions

WHAT YOU NEED TO KNOW

The SECURE Act (Setting Every Community Up for Retirement Enhancement) was recently passed into law and became effective on January 1, 2020. The act is designed to encourage employees to save more money for retirement. One of the most impactful changes in this law involved relaxing a requirement to the rules surrounding Required Minimum Distributions (RMDs) from 401(k) plans and traditional IRA accounts.

The IRS implemented RMDs to determine the age at which the retirement account owner must begin taking specified minimum annual withdrawals. The SECURE Act delays the start of RMDs by increasing the age at which distributions must begin, from age 70½ to age 72. This change is an acknowledgement that the average lifespan has increased, since the original implementation of the law. Consequently, retirement funds may continue to grow tax deferred over a longer timeframe, which can ultimately result in a significant increase to overall retirement savings.

The provision only impacts individuals that turn 70½ on or after January 1, 2020. It does not have any effect on those individuals that are currently receiving RMDs under the previous regulation. The rules governing 401(k) plans and traditional IRA distributions state that individuals must begin taking RMDs from their qualifying accounts no later than April 1 of the calendar year following the year in which they become eligible.

If you have questions or would like to talk about your individual required minimum distribution, please reach out to the professionals at Meeder Wealth Management at 1.866.633.3371 extension 2140, or visit us at [meederinvestment.com](https://www.meederinvestment.com).