the SGROI FINANCIAL NEWSLETTER

Navigating the Secure Act 2.0

Setting Every Community Up for Retirement Enhancement (Secure)

On December 23rd, 2022, a massive $1.7 trillion dollar spending bill was signed into law. Attached to this bill was the Secure Act 2.0, which is essentially a sequel to the Secure Act that was passed at the end of 2019. Much like its older counterpart, the Secure Act 2.0 brings sweeping changes to retirement planning, both for those who are currently saving for their retirement, as well as those who are already living out their golden years. Here are some major provisions that may affect you and your retirement. We understand that anytime the government makes big changes, that it can be confusing. If you have any questions or concerns, please reach out to us, as it's what we're here for.

RMD Age Change

The Secure Act 2.0 shifts the RMD (Required Minimum Distribution) age up to 73, from 72. The new RMD age of 73 goes into effect for this year, 2023. In the year someone turns 73, they must begin to take RMDs from their retirement accounts. Upon reaching the requisite age (now age 73 instead of 72), individuals will still be able to delay their first RMD until April 1st of the year following the year, they turn 73. Thus, an individual turning 73 on any day in 2023, can take their first RMD until as late as April 1st, 2024. However, if the first RMD is not taken in the year someone turns 73, but is instead taken the following year (by April 1st), a second RMD will also still need to be distributed that year (for the year the individual turns 74). Either way, the first age-73 RMD will always be calculated using the age 73 life expectancy factor, which can be found in the Uniform Lifetime Table, that the IRS provides.

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