



## Setting Every Community Up for Retirement Enhancement (SECURE) Act



### Professional services include:

- Tax Compliance
- Audit & Assurance
- Litigation Support
- Estate & Gift
- Succession Planning
- Valuation
- IRS Representation
- Family Foundations
- Bookkeeping & Accounting

Our mission is to provide our clients with exceptional services by taking initiative to be proactive advisors. We pride ourselves in developing tailored strategies to meet the specific needs of our clients.

We have a diverse commercial and individual accounting, auditing, tax and business consulting practice.

Our partners and staff are available to meet the needs of our clients and offer to meet with owners and management periodically throughout the year to discuss plans and to consult on a broad range of financial and business topics.



*The SECURE Act recently passed by Congress opens the door for increased retirement savings beginning January 1, 2020.*

### Main Impacts on Individuals

- The IRA required minimum distribution age has been increased to 72. This provision starts in year 2020, so failure to withdraw for those who turned 70½ in 2019 is still a 50% penalty.
- There is no longer an age limit on traditional IRA contributions. If you still work, you can contribute subject to regular limitations.
- Income considered to be compensation for purposes of IRA contributions as been expanded to include stipends and non-tuition fellowship payments for graduate, post-doctoral study or research as well as non-taxable compensation for “difficulty of care” paid to home health care workers.
- Section 529 education savings accounts may now be used for costs associated with apprenticeships, homeschooling, up to \$10,000 of student loan repayments and for private elementary, secondary or religious schools.
- Qualified birth or adoption costs up to \$5,000 per spouse considered a penalty-free IRA withdrawal if made within one year of the event. Amounts can be recontributed later and treated as rollover contributions not included in taxable income.
- Allows long-term part-time workers to participate in 401(k) plans. Starting in 2021, part-time workers are eligible if they have one year with 1,000 hours or three consecutive years with 500 hours each and reach age 21 at end of three-year period.
- Inherited retirement accounts with non-spouse beneficiaries must now be distributed within 10 years of owner’s death if death occurred after 12/31/2019. There are no RMDs during this time frame, but entire balance must be distributed after 10 years. Exceptions granted for certain types of beneficiaries.
- Creates portability of annuity plans by trustee-to-trustee transfer of lifetime income investments. Employees can rollover qualified defined contribution plans, section 403(b) or section 457(b) plans that are invested in annuities to another employer-sponsored retirement plan or to an IRA.

## Setting Every Community Up for Retirement Enhancement (SECURE) Act



### Executive and Family Office Accounting Services

For some businesses and family groups, a fulltime financial accounting specialist may not be practical. We provide a solution: services at your residence or corporate location tailored to meet your needs.

- **Bookkeeping** - from after-the-fact reconciliation of bank statements and recording of transactions to drafting and executing checks, tracking accounts receivable/payable, receiving payments and making deposits for our clients
- **Tax & Payroll Services** - state sales tax reporting, household and corporate payroll services including employee check, monthly reporting, and annual W-2, 1099s, 940 & 941 as well as worker compensation deposits
- **Other Services** - Property management assistance



### Main Impacts on Business Owners

- Tax incentives available for three years for businesses with 100 or less employees who receive \$5,000 or more of compensation each.
  - Startup Credit – Greater of \$500 OR the lesser value of \$5,000 or \$250 times number of non-highly compensated employees eligible to participate in the plan.
  - Automatic Enrollment Credit – In addition to startup credit, up to \$500 per year to employers for 401(k) and SIMPLE IRA plans with automatic enrollment.
- Plans adopted by due date of tax return (including extensions) are treated as having been adopted on last tax day of the year.
- Nonelective status amendment of a plan allowed up to 30th days prior to close of plan year.
- Open Multiple Employer Plans (MEPs) created. Now unrelated employers with no common characteristics can join an MEP together. Repealed rule that plan failed if one employer failed.
- Cap on qualified automatic contribution arrangements increased to 15% of employee's annual pay. QACA plans automatically increase contributions annually until the cap is reached, except for first year of employee's participation.
- Consolidated Forms 5500 can be filed for similar plans. However, penalties for failure to follow regulations have increased.
- Elections permissible upon request – Employees can change elections for nonelective contribution 401(k) plans more often.
- No credit/debit cards for plan loans – Employers can no longer use a credit/debit card for employee loan draws against their plans.

---

*This summary of the SECURE Act is being provided as a courtesy to familiarize you with initial information on current tax law changes. Tax law and compliance is a complex matter and interpretation/implementation should be discussed with your tax advisor to confirm application to your individual circumstances. If you are interested, please call our office to discuss these matters further.*