

KEY 2019 SECURE ACT AND TAX EXTENDERS

NEW IRA RULES

- Elimination of the lifetime "stretch" provision for non-spouse beneficiaries of inherited IRA and other retirement accounts, replaced by a 10-year distribution cap
- RMDs for IRAs required to start beginning at age 72 (instead of 70 ½)
- Removal of 70 ½ contribution age limit
- \$5,000 Qualified Birth or Adoption Distribution
- Taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes
- Non-deductible IRA contributions can be made with certain foster care payments

401(K) PROVISIONS

- Provision of ERISA fiduciary Safe Harbor for selecting an annuity provider for retirement plans.
- Creation of a "distributable event" for annuities no longer allowed as plan investment options
- Tax credit for small businesses that establish a 401(k) (or a 403(b), SEP IRA, or SIMPLE IRA)
- Tax credit for adoption of auto-enrollment of participants in 401(k) plans
- Maximum contribution for 401(k) automatic enrollment increased to 15%
- Long-term, part-time employees who work at least 500 hours in at least three consecutive years will be eligible to participate in their employer's 401K plan
- Provides for MEPs to maintain qualified status overall, if only one employer's portion is disqualified
- Elimination of 401(k) loans made via credit cards or similar arrangements

OTHER PROVISIONS

- Employers may adopt employer-funded retirement plans up to the due date of the employer's tax return
- Increased penalties for employers failing to file taxpayer and employee benefit plan returns
- Qualified education expenses for 529 plan funds expanded for student loans and apprenticeships
- Kiddie tax reverts applicable children's income to be subject to child's parents' marginal tax rate
- Allowance of qualified Disaster Distributions up to \$100,000 per disaster, from retirement accounts

TAX EXTENDERS

- Discharge of certain qualified principal residence indebtedness is excluded from gross income
- Allowance of mortgage insurance premium deduction
- Deduction for qualified tuition and related expenses
- AGI 'hurdle rate' for deducting qualified medical expenses to remain at 7.5%
- Miscellaneous incentives for economic growth, energy production, and green initiatives