

Estate Planning Implications of SECURE Act and CARES Act

The SECURE Act (signed into law on December 20, 2019) changed many of the established rules applicable to retirement assets – most notably, elimination of “stretch” required minimum distributions (RMDs). Likewise, the CARES Act was signed into law on March 27, 2020, to provide economic relief to individuals and businesses during the COVID-19 pandemic and provide flexibility for IRA owners and retirement plan participants.

We recommend that you discuss the impact of the SECURE Act and CARES Act on your retirement and estate plan with your legal and tax advisors. This may be particularly important if:

- You reach 70½ during 2020 and are concerned about RMDs
- You would like to fund a traditional IRA but were previously advised that you were too old to do so
- You would like to withdraw funds from your retirement plan or IRA but are concerned about early withdrawal penalties
- You have designated a child, grandchild, or much younger individual as the beneficiary of a retirement account to take advantage of the former rules to stretch out RMDs over that younger beneficiary’s life expectancy
- You designated a trust as the beneficiary of a retirement benefit
- You made decisions about the timing of distributions to beneficiaries in your estate plan in heavy reliance on the assumption that your beneficiary would elect to take RMDs from your retirement account over the beneficiary’s lifetime
- You are charitably inclined (it may be possible to satisfy your charitable goals and provide stretch out distributions of your retirement account to your individual beneficiaries by establishing a charitable remainder trust)
- You are in a lower income tax bracket than your beneficiaries and want to reduce their tax burden by converting some or all of your retirement account to a Roth IRA and pay income taxes upon the conversion

Notable Changes Under SECURE Act and CARES Act

For details on the following topics, please read [Significant Estate Planning Changes Under SECURE and CARES Acts](#), which will cover the notable updates related to estate planning under both Acts.

- *Elimination of “Stretch” RMDs*
- *Increase in Age for RMDs*
- *Waiver of 2020 RMDs*
- *No Age Cutoff for Traditional IRA Contributions*
- *2020 Charitable Giving*
- *529 Plans; Penalty-Free Withdrawal Relating to the Birth or Adoption of Child*
- *Waiver of Early Withdrawal Penalties for 2020*
- *Provisions Relating to Retirement Plan Loans*
- *Minimum Required Contributions for Single-Employer Defined Benefit Plans*

Please contact David Hunter or another member of our Estate Planning team if you would like to discuss how the SECURE Act or CARES Act may affect your personal estate planning.

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