

The IRS Says Your Child is Now Age 92

(The SECURE ACT & Your IRA)

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Who Wins and Who Loses

As of January 1st of this year, federal legislation governing the tax treatment of qualified retirement plans and IRAs has created opportunities for some, but not for others:

Who Wins?

You, if you are the owner of the IRA. In the past, if you wanted to work after age 70½, you could not continue to make contributions to IRAs. Now you can. Work to 100, and you will have many years to add to your retirement savings on a tax-advantaged basis.

Who Wins?

You, if you are owner of the IRA and your spouse is the beneficiary. Those who have reached age 70½ after December 31, 2019 may defer withdrawals until age 72 years. Spouses will benefit as well.

Who Loses?

Your children. Before the SECURE ACT, IRA withdrawals for children, which, based on their age, meant in many cases very slow withdrawals. Not anymore, and the tax bite can be severe, especially if property is held in trust for their benefit. Now, in most cases, we have to empty out the IRA by the tenth year after death, unless the child is under the age of majority, or in college, which will delay the start of the 10-year rule. Our next newsletter will address this complex issue. For some, if not many estate planners providing for children, it's an INSECURE ACT.