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The New SECURE ACT 2.0 Affects Your Retirement Savings.

Here are the highlights of the new law.

Age for Required Minimum Distributions (RMD) from Retirement Accounts is Increased to 73.

Beginning age raised to 73 (from current 72) beginning in 2023. The age where you must take RMD will rise to 75 in 2033. An easy way to understand the gradual increase in age is by your year of birth:

- 1950 or earlier: Age 70½ to 72.
- 1951 – 1959: Age 73
- 1960 or later: Age 75

RMD Penalty Reduced.

The penalty for missing or taking too little RMD is now only 25% of the missed amount (down from 50%) and is further reduced to 10% if you take timely corrective action.

More Exceptions to the 10% Penalty for Early Distributions from IRA Accounts.

- Up to \$22,000 for federally declared Disaster Areas.
- Terminal Illness (Effective immediately)
- Up to \$10,000 for Domestic Abuse (2024)
- Up to \$1,000 for Financial Emergency (2024)
- Up to \$2,500 for Long Term Care (2026)

SEP and SIMPLE IRA Plans Can Accept Roth Contributions.

Beginning in 2023, SEP and SIMPLE IRAs can take Roth contributions. This change also allows employers to make matching contributions on a Roth basis. In 2024, all plan “catch-up” contributions for employees over 50 must be contributed as Roth.

Rollovers from 529 College Savings Plans to Roth IRAs.

Effective in 2024, remaining funds in a 529 Plan, up to \$35,000, can be rolled-over to a Roth IRA in the name of the Roth beneficiary. The 529 Plan must have been in place for at least 15 years, and the annual rollover amount is limited to the maximum Roth IRA contribution limit.

Increased Catch-Up Contributions to Employer Retirement Plans.

Starting in 2025, individuals who are 60, 61, and 62 will be eligible to make larger catch-up contributions to their work plans. The IRA catch-up contribution limit of \$1,000 will be indexed for inflation beginning in 2024.

We are EXPERTS at IRAs!
***Call us to discuss how these changes to the law
may create opportunities for you.***

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