Setting Every Community Up for Retirement Enhancement (SECURE) Act

Summary of Key Provisions

Congress recently passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019. The SECURE Act includes a broad range of provisions impacting retirement plans, plan participants and individuals. It is designed to expand access to retirement accounts, promote participation, and preserve savings, albeit with some changes that will restrict certain heirs from benefitting from tax deferred inherited retirement accounts. This legislation represents the most significant changes to the retirement industry since the Pension Protection Act (PPA) of 2006.

The Internal Revenue Service (IRS) is expected to provide additional guidance and clarification relating to several of the new provisions, and we will be updating our recordkeeping systems accordingly. Note: some provisions in the act that impact qualified plans will need to be accompanied by plan document elections; which as of now, are not yet available until further guidance is issued.

No action is required on your part at this time. Contact your Relationship Manager at retirement@heartlandrps.com or 800.399.2083 with questions.

Here is a summary of the major provisions in the legislation:

Provision	Summary	Effective Date
Repeal of Maximum Age for Traditional IRA Contributions (Section 107)	Provision repeals the prohibition on contributions to a traditional IRA by an individual who has attained age 70½.	Applies to contributions made for taxable years beginning after December 31, 2019.
Increase in Age for Required Beginning Date for Mandatory Distributions (Section 114)	Provision increases the required minimum distribution age from 70 ½ to 72.	Applies to distributions required to be made after December 31, 2019, with respect to individuals who attain age 70½ after such date.
Modifications to RMD Rules for Inherited IRAs (Section 401)	Provision modifies the required minimum distribution (RMD) rules with respect to defined contribution plan and IRA balances upon the death of the employee or IRA owner (account owner) who dies after December 31, 2019. **General Rule:** Distributions to individuals are generally required to be distributed by the end of the 10th calendar year following the year of the account owner's death. **Exception to the Rule:** Distributions to the following individuals are not subject to the rule above (therefore, RMDs may be stretched over life expectancy): (1) Surviving spouse of the account owner, (2) Disabled or chronically ill individuals, (3) Individuals not more than 10 years younger than the account owner, or (4) Child of the account owner who has not reached the age of majority.	Applies to distributions with respect to account owner who dies after December 31, 2019.

Source: ABA

HEARTLAND
RETIREMENT PLAN SERVICES

Setting Every Community Up for Retirement Enhancement (SECURE) Act

Summary of Key Provisions

Provision	Summary	Effective Date
Expansion of Section 529 Plans (Section 302)	Provision expands 529 education savings accounts to cover (1) costs associated with registered apprenticeships; and (2) costs (up to $10,000) of qualified student loan repayments (including those for siblings).	Applies to distributions made after December 31, **2018**.
Fiduciary Safe Harbor for Selection of Lifetime Income Provider (Section 204)	Provision provides ERISA plan fiduciaries an optional safe harbor to satisfy the prudence requirement with respect to the selection of insurers for a guaranteed retirement income contract. The provision also shields fiduciaries from liability for any losses that may result to the participant or beneficiary due to an insurer's inability in the future to satisfy its financial obligations under the terms of the contract.	Effective now.
Disclosure Regarding Lifetime Income (Section 203)	Provision requires benefit statements provided to defined contribution plan participants to include a lifetime income disclosure at least once during any 12-month period. Plan fiduciaries, plan sponsors, or other persons will have no liability under ERISA solely by reason of the provision of lifetime income stream equivalents that are derived in accordance with the assumptions and guidance under the provision and that include the explanations contained in the model disclosure. Within one year of enactment, Department of Labor (DOL) must issue (1) model lifetime income disclosure; and (2) assumptions used to convert total accrued benefits into lifetime income stream equivalents.	Applies to benefit statements furnished more than 12 months after DOL has issued all guidance required under this provision.
Penalty-free Withdrawals from Retirement Plans for Individuals in Case of Birth or Adoption (Section 113)	Provision provides for penalty-free withdrawals from retirement plans for any "qualified birth or adoption distributions."	Applies to distributions made after December 31, 2019.

Source: ABA

Setting Every Community Up for Retirement Enhancement (SECURE) Act

Summary of Key Provisions

Provision	Summary	Effective Date
Individual Custodial Accounts from Terminated 403(b) Plans (Section 110)	Provision requires the Treasury Department to issue guidance providing that if an employer terminates a 403(b) plan: (1) The plan administrator or custodian may distribute an individual custodial account in kind to a participant or beneficiary of the plan. (2) The distributed custodial account shall be maintained by the custodian on a tax-deferred basis as a section 403(b)(7) custodial account until amounts are actually paid to the participant or beneficiary. (3) The section 403(b)(7) status of the distributed custodial account is generally maintained if the custodial account thereafter adheres to the requirements of section 403(b)that are in effect at the time of the distribution of the account. (4) A custodial account would not be considered distributed to the participant or beneficiary if the employer has any material retained rights under the account.	Treasury Department guidance shall be retroactively effective for taxable years beginning after December 31, **2008**.
Multiple Employer Plans (Sections 101)	Provision eliminates certain limitations in the Internal Revenue Code and ERISA for multiple employer plans (MEPs). MEPS are plans maintained by more than one employer to obtain more favorable pension investment results and more efficient and less expensive management services.	Applies to plan years beginning after December 31, **2020**.

Source: ABA

HEARTLAND
RETIREMENT PLAN SERVICES