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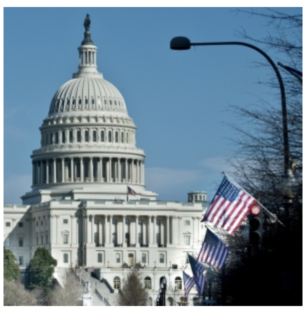
Retirement Legislation Awaits Further Action



Legislation that could benefit people with IRAs and workplace retirement plans is currently moving through the House and the Senate.

Legislation that could benefit people with individual retirement accounts (IRAs) and workplace retirement plans is currently moving through Congress. The Securing a Strong Retirement Act of 2022 has passed almost unanimously in the House. A similar bill (with some differences), the Enhancing American Retirement Now Act, has been drafted in the Senate but will have to wait until Congress is back in session in November for further consideration. If the Senate passes its bill, the House and the Senate would need to reconcile the two bills, and then each would vote on the reconciled bill.

Some significant provisions in the proposed legislation that may aid in your retirement planning are summarized below.

Contributions	
House	**Senate**
The $1,000 IRA catch-up contribution limit for individuals aged 50 and older would be indexed for inflation, starting in 2024.	The $1,000 IRA catch-up contribution limit for individuals aged 50 and older would be indexed for inflation, starting in 2023.
For workplace retirement plans such as a 401(k), the catch-up contribution limit would be increased to $10,000 (indexed for inflation) for eligible participants aged 62 to 64, starting in 2024.	For workplace retirement plans such as a 401(k), the catch-up contribution limit would be increased to $10,000 (indexed for inflation) for eligible participants aged 60 to 63, starting in 2025.
For SIMPLE plans, the catch-up contribution limit would be increased to $5,000 (indexed for inflation) for eligible participants aged 62 to 64, starting in 2024.	For SIMPLE plans, the catch-up contribution limit would be increased to $5,000 (indexed for inflation) for eligible participants aged 60 to 63, starting in 2025.
An employer would be able to make matching contributions to a defined contribution plan such as a 401(k) on behalf of an employee who is making qualified student loan payments, starting in 2023.	An employer would be able to make matching contributions to a defined contribution plan such as a 401(k) on behalf of an employee who is making qualified student loan payments, starting in 2024.
Distributions	
House	**Senate**
The current starting age of 72 for required minimum distributions (RMDs) from retirement accounts would be increased to age 73 starting in 2023, age 74 starting in 2030, and age 75 starting in 2033.	The current starting age of 72 for required minimum distributions (RMDs) from retirement accounts would be increased to age 75 for calendar years after 2031.

The penalty for failing to make an RMD would be reduced from 50% to 25%, starting in 2023. In addition, the penalty would be reduced to 10% if the taxpayer corrects an RMD shortfall and submits a corrected tax return before the earlier of (a) when the IRS demands payment or (b) the end of the second taxable year after the taxable year in which the penalty is imposed.	The penalty for failing to make an RMD would be reduced from 50% to 25%, starting in 2023. In addition, the penalty would be reduced to 10% if the taxpayer corrects an RMD shortfall and submits a corrected tax return before the earlier of (a) when the IRS demands payment or (b) the end of the second taxable year after the taxable year in which the penalty is imposed.
Qualified charitable distributions (QCDs) for individuals aged 70½ and older would be expanded to allow a one-time election to be made for a QCD of up to $50,000 (to be adjusted for inflation) to a charitable remainder unitrust, a charitable remainder annuity trust, or a charitable gift annuity.	Qualified charitable distributions (QCDs) for individuals aged 70½ and older would be expanded to allow a one-time election to be made for a QCD of up to $50,000 (to be adjusted for inflation) to a charitable remainder unitrust, a charitable remainder annuity trust, or a charitable gift annuity.
An exception to the penalty for early distributions from a retirement plan would be available for up to $10,000 of distributions to a domestic abuse victim after the date of enactment.	An exception to the penalty for early distributions from a retirement plan would be available for up to $10,000 of distributions to a domestic abuse victim after the date of enactment.
Other	
House	**Senate**
SIMPLE and SEP Roth IRAs would be allowed starting in 2023.	SIMPLE and SEP Roth IRAs would be allowed starting in 2024.
If a retirement plan permits it, an employee would be able to elect to have employer matching contributions treated as Roth contributions, starting with contributions made after the date of enactment.	If a retirement plan permits it, an employee would be able to elect to have employer matching contributions treated as Roth contributions, starting with contributions made in 2023.

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