What the SECURE Act Does and Doesn't Do

The bipartisan goal accomplished through the SECURE Act was to help hardworking families achieve retirement security. Recently, a Wall Street Journal op-ed by a self-interested inheritance planner falsely stated that the "The Secure Act would upend 20 years of retirement planning and stick it to the middle class."

Correcting the Record: What the SECURE Act *does*

1. Expands access to retirement savings for millions of workers

- Helps small businesses band together to offer retirement savings accounts so they can save the excessive costs and headaches of setting up their own individual plans. Under current law, typically large businesses can afford to offer retirement accounts to workers but it is more difficult for small employers.

2. Helps Americans save earlier for retirement

- Younger workers are sometimes worried about "trapping" their savings in a retirement account in case they may need the funds for life-changing events like starting a family. The SECURE Act allows workers to withdraw retirement funds without penalty for the birth or adoption of a child.

3. Helps Americans save longer for retirement.

- The SECURE Act ends the upper age limit for contributing to an IRA and also increases the age at which Americans must begin withdrawing from retirement accounts from 70 ½ to 72.

Correcting the Record: What the SECURE Act *doesn't do*

1. Doesn't increase taxes on IRAs for the middle class.

- To help finance these expanded retirement savings opportunities, SECURE Act curbs a tax avoidance scheme used by wealthier Americans to delay taxes on IRA balances.

- Under the proposal, inherited IRAs must be distributed within 10 years unless they are left to a spouse, minor child, or an individual with severe disabilities.

- The SECURE Act exceptions will protect 3/4ths of the balances in inherited IRAs from 10-year distribution requirements but curbs situations considered more abusive in which accounts that were supposed to provide retirement savings for the original owner are instead used to provide relatively tax-sheltered accounts for much younger heirs.

2. Doesn't require retirement accounts to offer an annuity option or require Americans to take their retirement savings as an annuity.

- The SECURE Act simply provides more information to retirees and those considering retirement by having disclosure of what the potential retiree might expect to receive as a lifetime earnings stream from their retirement account if it were an annuity. It does not require anyone to offer or take this option.