



# ED SLOTT'S

January 2023

# IRA ADVISOR

Tax

## 25<sup>th</sup> ANNIVERSARY

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## WHAT'S INSIDE?

# 2023

HAPPY NEW YEAR

### SECURE 2.0 Is Here

- Major Highlights
- NOT in SECURE 2.0

<Pages 1-3>

### Executive Summary

<Page 2>

### Top IRA Rulings of 2022

- Sooner or Later
- Minor Matter
- Puzzling Proposals
- Strange...
- ...And Stranger
- Three for the Money
- Notice 2022-53
- Notice 2022-6
- COLA Climb
- Estate Tax Watch
- Court Cases

<Pages 3-8>

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## SECURE 2.0 Is Here

This holiday season Congress has gifted us SECURE 2.0. On December 23, with no time to spare to avoid a government shutdown, they passed the \$1.7 trillion [Consolidated Appropriations Act of 2023](#) and sent it off to the President for signature. Tucked inside more than 4,000 pages of legislation, you can find SECURE 2.0.

While this "Son of SECURE" is not exactly the game changer for IRAs that its "Dad" (the original SECURE Act) was, there are still many changes that will affect IRA owners and beneficiaries. However, most of the SECURE 2.0 provisions impact workplace plans rather than IRAs. It is also important to note that not all provisions are effective immediately or even in 2023. Some do not apply until 2024, and some not for a decade!

### Major Highlights

**RMD age increase:** The age for required minimum distributions (RMDs) is increased to 73 starting in 2023. This age will increase to 75, but not until January 1, 2033. Anyone currently subject to RMDs under the old 70½ or 72 RMD age rules is not impacted and must continue to follow their existing RMD schedule.

**QCDs expanded:** Starting in 2023, a one-time only, \$50,000 qualified charitable distribution (QCD) to a charitable gift annuity, charitable

remainder unitrust, or a charitable remainder annuity trust will be allowed. Also, the QCD limit of \$100,000 will be indexed for inflation starting in 2024.

**IRA catch-up indexed:** Individuals who are age 50 or over can make an additional IRA catch-up contribution of \$1,000. This amount will be indexed for inflation starting in 2024.

**Saver's match introduced:** The underutilized Saver's Credit, which was intended to help lower income savers, has been overhauled and will be a government match paid directly to retirement accounts. But that won't be effective until 2027.

**Rollovers from 529 plans to Roth IRAs:** Effective in 2024, beneficiaries of 529 college savings accounts are permitted to roll over up to \$35,000 aggregate over the course of their lifetime from a 529 account in their name to a Roth IRA. These rollovers are subject to Roth IRA annual contribution limits, and the 529 account must have been open for more than 15 years. This new rule will allow any "leftover" 529 funds to avoid tax or penalty if rolled over.

**QLACs expanded:** The 25%-of assets limit for purchasing a qualified longevity annuity contract (QLAC) is repealed, and up to \$200,000 can be used from an account balance for such a purchase.

Featuring the latest retirement tax law changes, including the **NEW SECURE Act 2.0** legislation and RMD rules in effect starting in 2023!

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