SECURE Act – How it Affects Your Credit Union IRA

On December 20, the Setting Every Community Up for Retirement Enhancement (SECURE) Act was signed into law. The goal of this legislation is to expand access to retirement savings vehicles, simplify rules, and preserve retirement income. While this major retirement reform covers all retirement savings plans, this article focuses on how this new law will impact Credit Union IRA owners.

The SECURE Act has provisions that affect contributions to and distributions from an IRA. See the following summary of the changes:

Distributions
• **Delayed age for beginning RMDs** – If you turn 70½ in 2020 or later, the age at which you must begin required minimum distributions (RMDs) has been increased from age 70½ to age 72. If you turned 70½ in 2019 or earlier, your RMDs are not affected.
• **More rapid payouts to non-spouse beneficiaries** – Starting this year, most non-spouse beneficiaries will be required to deplete the balance of the inherited IRA within 10 years of the year following the death of the owner. Exceptions include beneficiaries who, at the time of the account owner’s death, are considered:
  ◦ disabled individuals.
  ◦ certain chronically ill individuals.
  ◦ beneficiaries not more than ten years younger than the decedent.
  ◦ minor children of the decedent. (They would begin a 10-year payout period upon reaching the age of majority.)
• **Birth/adoption 10% penalty exception** – Starting in 2020, if you experience the birth or adoption of a child and you withdraw funds from your IRA to pay the applicable costs, the distribution may qualify for an exception from the 10% early distribution penalty (if applicable). Only distributions of up to $5,000 in aggregate from IRAs and defined contribution qualified plans, 403(b) plans, and governmental 457(b) plans will be exempt from the penalty. These amounts may be repaid to the IRA.

Contributions
• **Traditional IRA contributions at any age** – IRA owners with eligible compensation can make contributions at any age.
• **Eligible compensation** – The definition of eligible compensation was expanded to include certain stipend, fellowship, and similar payments to graduate and postdoctoral students and “difficulty of care” payments.

If you have questions about the SECURE Act and how it may affect your specific scenario, SECU can assist you online through Member Access at [www.ncsecu.org](http://www.ncsecu.org), in person at your local branch, or by phone via 1-888-732-8562.

To contact the editor of Golden Living, write to P.O. Box 27948, Raleigh, NC 27611 or send your comments via e-mail to membercommunications@ncsecu.org.
Financial exploitation of older adults is becoming more prevalent in our society. Exploitation may be committed by a stranger or person in a position of trust; such as an in-home caregiver, a friend or family member. Unfortunately, exploitation can happen to anyone, but taking the following steps may lessen the likelihood of becoming a victim:

- Avoid providing personal information such as account or card numbers over the phone or through email.
- Monitor financial activity on accounts closely and balance checkbooks regularly.
- Review your credit report, at least annually, to ensure all information has been reported accurately. (You can request a free credit report from each of the three major credit bureaus once a year at https://www.annualcreditreport.com/index.action.)
- Carefully review all contracts and legal documents.
- Use direct deposit whenever possible to avoid theft of paper checks.
- Ensure your personal computer is equipped with adequate security software.
- Trust your instincts and be aware of any red flags.

In addition, a comprehensive estate plan can be instrumental in the prevention of financial exploitation. Choosing a trusted person to assist with handling your financial affairs, prior to any mental or physical incapacity, is important. Executing a power of attorney document is a proactive estate planning tool used to designate a person as your agent and outline appropriate powers granted to them. For information regarding ways to prevent financial exploitation and your estate planning needs, please contact your local branch and ask to speak with a Trust Representative.

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Medicare beneficiaries with limited income and resources may be eligible for the federal Extra Help low-income subsidy program. The Extra Help program provides assistance to help pay for all or part of the monthly premiums and annual deductibles, and provides lower prescription co-payments under a Medicare prescription drug plan for those who qualify.

To qualify, individuals must have an annual income $18,735 or less and assets less than $14,390. Income and asset limits for married couples living together are $25,365 and $28,720, respectively. Assets do not include items such as a primary residence, a vehicle, or personal possessions. A complete list of items that are included in assets can be found at www.ssa.gov.

To see if you qualify or to apply for Extra Help online, go to www.socialsecurity.gov/extrahelp. The NC Seniors' Health Insurance Information Program in Raleigh, NC may also provide assistance and can be reached toll free at 1-855-408-1212.

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