

Insights: Publications

5 Key Takeaways | New IRS Final RMD Rules and Proposed Regulations to Address Additional SECURE 2.0 Act Issues

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Kilpatrick partner [Sterling Perkinson](#) and counsel [San Parikh](#) recently presented a CLE webinar for Strafford that focused on the 2024 Final Regulations and 2024 Proposed Regulations released on July 19, 2024, implementing the SECURE 1.0 and SECURE 2.0 Acts' changes to the Internal Revenue Code's rules for Required Minimum Distributions for IRAs and tax-favored employer sponsored retirement plans.

Key Takeaways from the presentation include:

1. Plan provisions for employer sponsored plans can be more restrictive than general required minimum distributions rules provided in the 2024 Final Regulations, which may ease administrative issues.
2. Availability of the "Stretch" IRA that applied before SECURE Acts has been significantly curtailed and now only applies to certain "eligible designated beneficiaries." All other beneficiaries (including where no beneficiary is designated) are subject to the 5- or 10-year rule and may be subject to the "at least as rapidly" rule if the employee/participant had already attained the required beginning date.
3. The 2024 Final Regulations and 2024 Proposed Regulations provide the greatest flexibility and planning opportunities for surviving spouse beneficiaries, who can, in many circumstances, stretch distributions over their lifetime, commence distributions later than other beneficiaries, and take advantage of the Uniform Life mortality table, resulting in smaller annual distributions than would be determined under the Single Life mortality table that would apply to non-surviving spouse eligible designated beneficiaries.
4. SECURE 2.0 makes several additional changes to the RMD requirements to promote lifetime income options for defined contribution plan participants, who otherwise may have little protection against longevity risk (i.e., the risk that they will outlive their savings). There are still a number of issues to consider before offering annuities in employer sponsored defined contribution plans, including fiduciary and nondiscrimination issues.
5. The deadline to amend most plans for the SECURE 1.0 and SECURE 2.0 Acts changes to the required minimum distributions rules has been extended to December 31, 2026 (2028 for collectively bargained plans and 2029 for governmental plans), but many of the changes have either already taken effect or will take effect prior to the amendment deadline, so plan sponsors must comply in good faith with the updated RMD rules prior to the plan amendment deadline.

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