



PRESENTS THE

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# SECURE ACT

**SURVIVAL KIT**

AN EDUCATIONAL WORKSHOP

# WELCOME!

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**David A. Pickler**, Esq., CFP®, ChFC®, CDFA®

- **President, Pickler Companies**
- In the investment business for over 35 years
  - Maintains an active practice emphasizing Tax and Estate Planning
- Graduated Magna Cum Laude from Arkansas State University with a Bachelor of Science in Business Management degree in 1980
- Graduated from Cecil C. Humphreys School of Law, University of Memphis, with Juris Doctor Degree in 1985



Top  
**Financial  
Advisers**

**BARRON'S**  
TOP ADVISORS



# ABOUT US



Our Family Delivering Solutions for Your Family.



- **Pickler Companies was founded on twin pillars:**
  - Advisory Excellence and Community Investment
- **Pickler Wealth Advisors** is celebrating its 15<sup>th</sup> year
- Last year, **The Pickler Law Firm** won “Best Law Firm” in the *Memphis Most* online poll
- This year, **Pickler Accounting** Advisors added a new CPA due to incredible client growth
- **Why do we do these educational workshops?**
  - We believe educating our clients is the most important way to set them up for success!

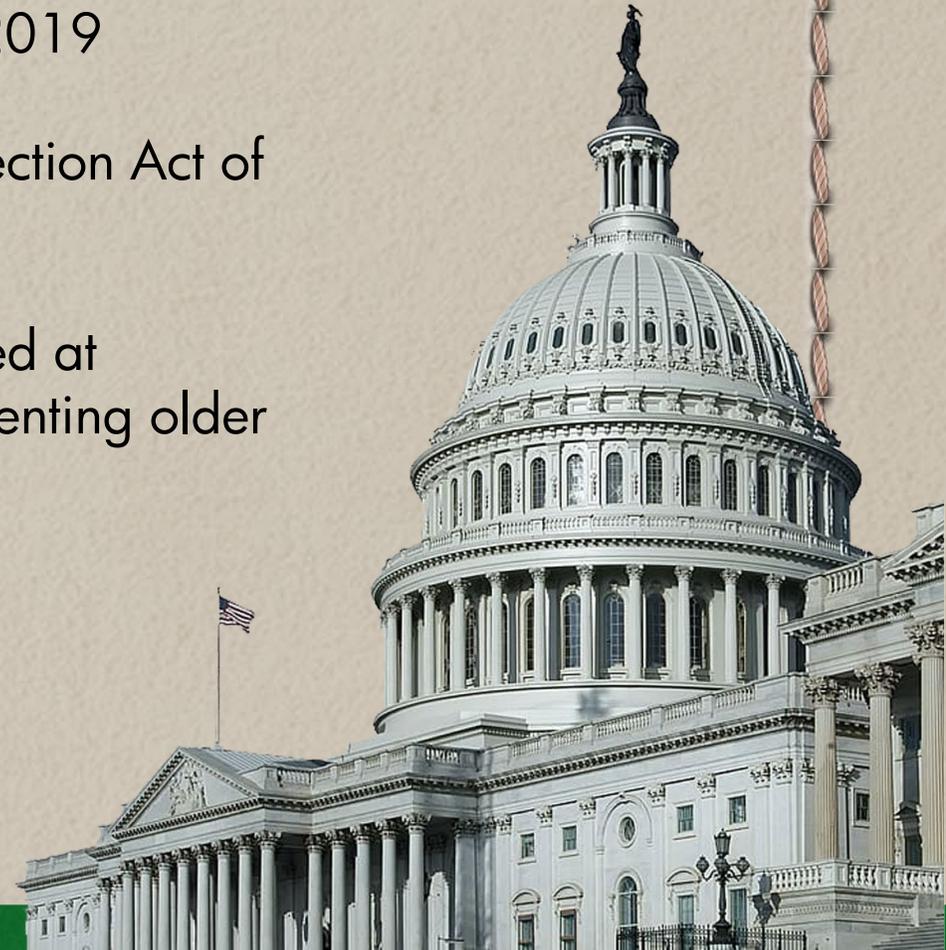




# WHAT IS THE S.E.C.U.R.E. ACT?

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- Setting Every Community Up for Retirement Enhancement Act
- Signed into law by President Trump on December 20, 2019
- The most extensive retirement act since the Pension Protection Act of 2006
- This far-reaching bill includes significant provisions aimed at increasing access to tax-advantaged accounts and preventing older Americans from outliving their assets
  - Only 55% of the adult population even participate in a workplace retirement plan
  - The median 401 (k) balance for those ages 65 and older is just \$58,035





# WE ENCOURAGE NOTE-TAKING!

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- On the table, you will find a **pen** and **handout** with each detailed slide
- We encourage you to **write notes and questions** in the blank area under each slide
- There will be a **Q&A Session** following the presentation



# A LITTLE BIT ABOUT ME

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**Keith Fulfer, CPA**



- **Certified Public Accountant, Pickler Accounting Advisors**
  - Began at the firm in December 2019
- **15 years of tax and accounting experience**
  - B.B.A. in accounting from Abilene Christian University
  - Member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants (TSCPA)
- **Pickler Accounting Advisors**
  - We have been serving the Mid-South since 2012
  - Our goal is to help you thrive by taking advantage of tax opportunities





# TODAY'S FIELD GUIDE

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- Overview of the SECURE Act with key highlights
- Review planning opportunities to help you maximize retirement planning
- Identify other tax saving strategies for you individually and for small businesses
- The Pickler Law Firm will later present on estate planning implications



# FIRST MAJOR RETIREMENT REFORMS SINCE 2006

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- Sweeping legislative tax or retirement reforms typically happen only once every decade
- The final weeks of 2019 brought the second major piece of Congressional action in the past 24 months
- The SECURE Act (along with a series of year-end tax extenders), which was passed in the House this past summer, finally made its way through the Senate and was signed into law by the President





# SECURE ACT HIGHLIGHTS

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- Elimination of the “stretch” IRA for certain IRA and employer plan beneficiaries
- The 10-year rule for IRA and employer plan required minimum distributions
- Estate planning and estate tax planning after changes in IRA and employer plan rules
- Increase in age for required minimum distributions
- Repeal of maximum age for traditional IRA contributions
- Changes in multi-employer qualified plans
- Change allowing part-time, long-term workers to participate in qualified plans
- Extender provisions that were reenacted
- Newly enacted income tax provisions

## KEY 2019 SECURE ACT AND TAX EXTENDERS

### NEW IRA RULES

- Elimination of the lifetime "stretch" provision for non-spouse beneficiaries of inherited IRA and other retirement accounts, replaced by a 10-year distribution cap
- RMDs for IRAs required to start beginning at age 72 (instead of 70 ½)
- Removal of 70 ½ contribution age limit
- \$5,000 Qualified Birth or Adoption Distribution
- Taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes
- Non-deductible IRA contributions can be made with certain foster care payments

### 401(K) PROVISIONS

- Provision of ERISA fiduciary Safe Harbor for selecting an annuity provider for retirement plans.
- Creation of a "distributable event" for annuities no longer allowed as plan investment options
- Tax credit for small businesses that establish a 401(k) (or a 403(b), SEP IRA, or SIMPLE IRA)
- Tax credit for adoption of auto-enrollment of participants in 401(k) plans
- Maximum contribution for 401(k) automatic enrollment increased to 15%
- Long-term, part-time employees who work at least 500 hours in at least three consecutive years will be eligible to participate in their employer's 401K plan
- Provides for MEPs to maintain qualified status overall, if only one employer's portion is disqualified
- Elimination of 401(k) loans made via credit cards or similar arrangements

### OTHER PROVISIONS

- Employers may adopt employer-funded retirement plans up to the due date of the employer's tax return
- Increased penalties for employers failing to file taxpayer and employee benefit plan returns
- Qualified education expenses for 529 plan funds expanded for student loans and apprenticeships
- Kiddie tax reverts applicable children's income to be subject to child's parents' marginal tax rate
- Allowance of qualified Disaster Distributions up to \$100,000 per disaster, from retirement accounts

### TAX EXTENDERS

- Discharge of certain qualified principal residence indebtedness is excluded from gross income
- Allowance of mortgage insurance premium deduction
- Deduction for qualified tuition and related expenses
- AGI 'hurdle rate' for deducting qualified medical expenses to remain at 7.5%
- Miscellaneous incentives for economic growth, energy production, and green initiatives



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# A LITTLE BIT ABOUT ME

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**Russell A. Hayes, Esq.**



- **Attorney at Law, The Pickler Law Firm**
  - With the firm since 2014
- **The Pickler Law Firm**
  - We specialize in estate planning, estate administration and probate, elder law, business law, and wills and trusts.
- **Graduated with honors from Cecil C. Humphreys School of Law (University of Memphis)**
  - Member of both the Tennessee Bar Association and Memphis Bar Association



# A LITTLE BIT ABOUT ME

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**W. Cortland Winsett, Esq.**



- **Sr. Director of Operations, Pickler Wealth Advisors**
  - Served in this role since 2017
  - Oversees PWA compliance and regulations
- **General Counsel, The Pickler Law Firm**
  - With the firm since 2014
  - Ensures that The Pickler Law Firm maintains a high level of ethical and disciplined service to its clients
- **Graduated from Rhodes College in 1996 with a Bachelor of Arts in Business Administration**
- **Graduated Cum Laude in 2008 from the Cecil C. Humphreys School of Law in 2005**





# SO, DO I NEED MY ATTORNEY?

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- Review any trust documents that you have created
- Consider additional trusts
- Review beneficiaries on all IRAs and other accounts.
- Consider reviewing your estate goals: inheritance, asset protection, future lawsuits, divorce.
- Consider other planning strategies, if appropriate, i.e. charities, ROTH conversions, annuities.

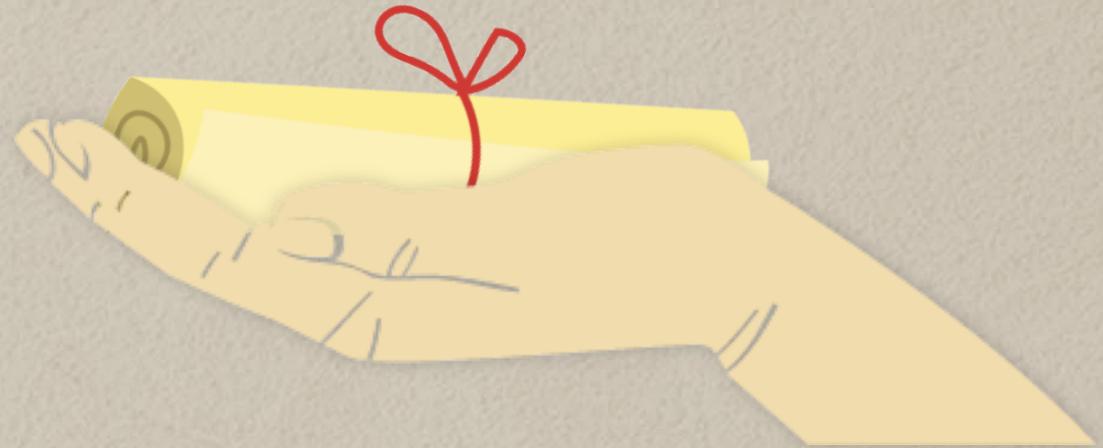




# CONDUIT TRUST

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- A conduit “**safe-haven**” trust requires all RMDs to be paid
- This worked well under the old life expectancy rules
- The new law requires that the total amount of the IRA is paid out within 10 years
- This may change the intent of the trust-maker to pay out the IRA over the lifetime of the beneficiary





# ACCUMULATION TRUST

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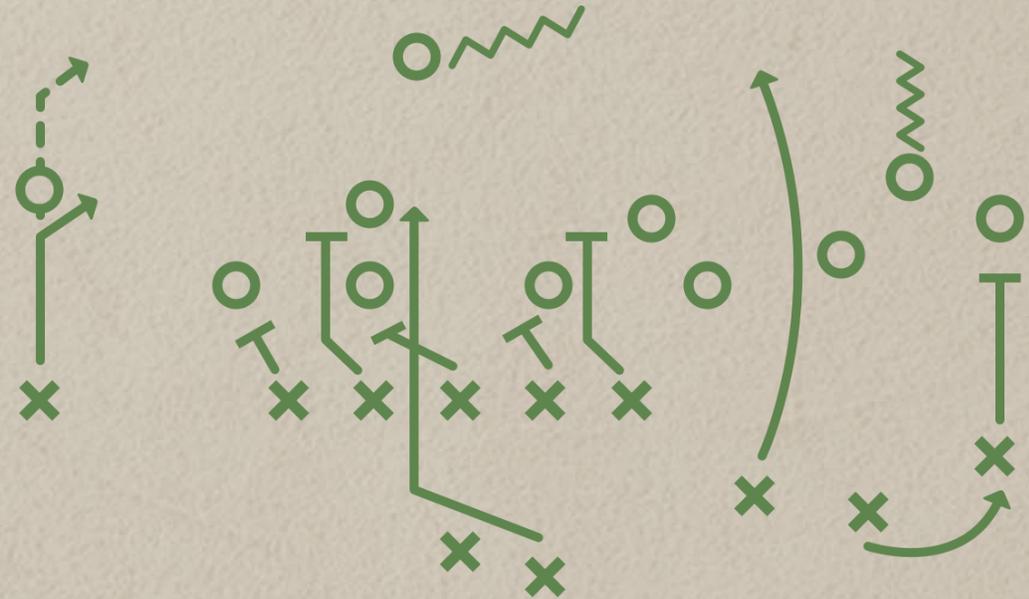
- Accumulates earnings in the Trust
- The new law requires that the total amount of the IRA is paid out in 10 years
- The Trust would have to pay the income tax, often at higher rates.
- The Trust could take the RMD over the 10 years, hopefully keeping the income in lower tax brackets





# PLANNING STRATEGIES

- Roth Conversions
- Spray Trusts
- Charitable Remainder Trusts
- Life Insurance to offset tax risk of early death
- Qualified Charitable Contributions





# ROTH CONVERSIONS

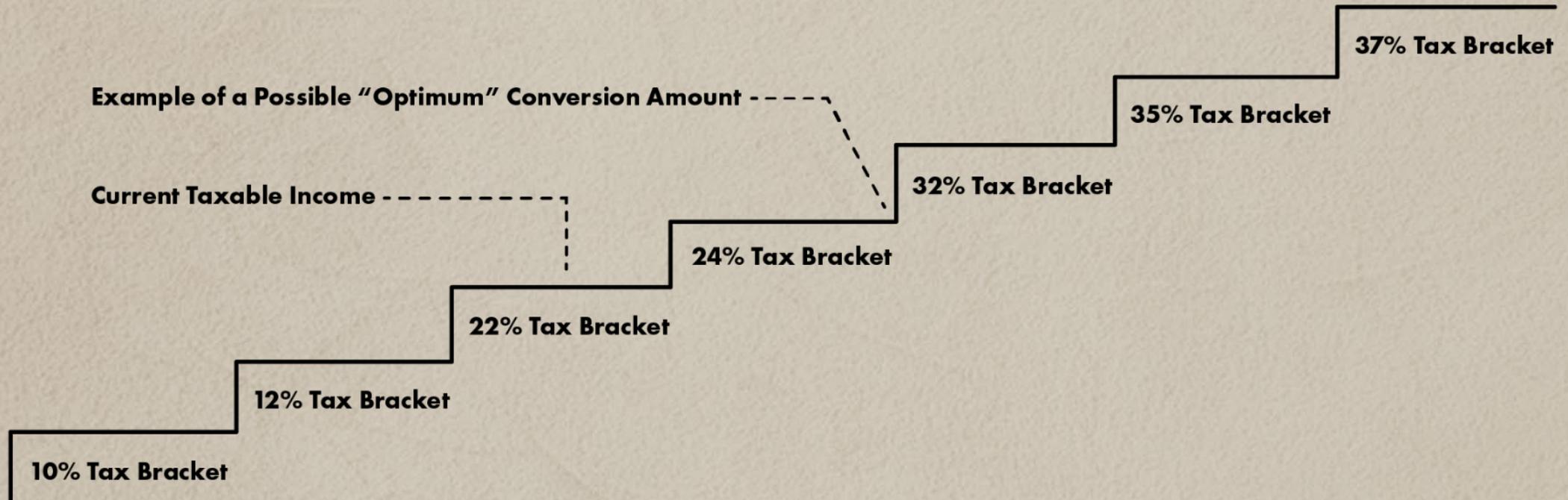
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- **Decision Factors:**
  - Tax rate differential (year of conversion v. withdrawal years)
  - Availability of outside funds to pay tax
  - Need for IRA to pay annual living expenses
  - AVOID LARGE JUMPS IN BRACKETS





# MATHEMATICS OF ROTH IRA CONVERSIONS





# SPRAY TRUSTS

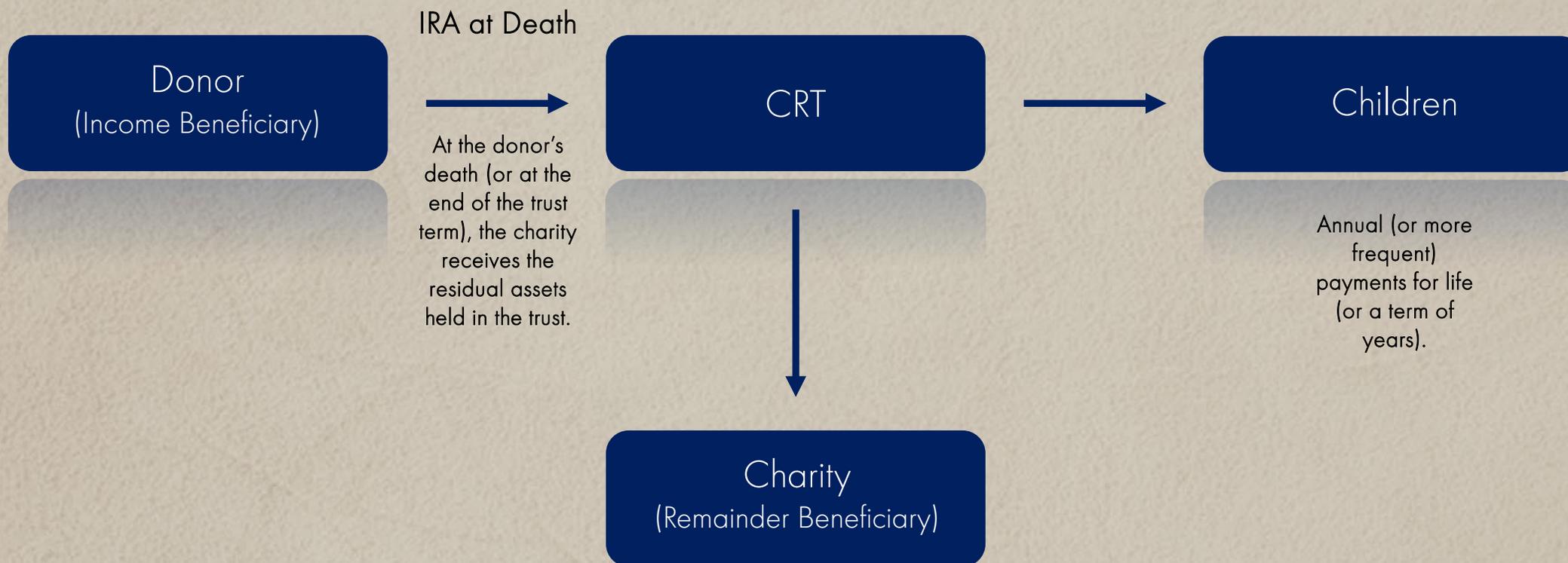
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- One Solution for clients with large IRAs or IRAs comprising most of their assets
- Useful for those whose non-spouse heirs will receive IRAs, but stretched over a period greater than 10 years
- Purpose is to **Spread the IRA income over a large number of taxpayers**, in order to lower the effective tax rate and retain the ability to accumulate IRA income
- Multiple trusts, with each trust having its own beneficiary





# CHARITABLE REMAINDER TRUSTS





# CHARITABLE REMAINDER TRUSTS

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- Charitable beneficiary receives a fixed percentage of trust value or a stated amount
- Annual payments are made
- Charity receives funds at death
  - Possibility for children to receive payments for life or a term of years after death, if income payments are being made





# LIFE INSURANCE PLANNING

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- If a goal is to spread IRA payments over a lengthy period of time to a non-spouse, life insurance can be used to pay for the taxes that would occur
- Life insurance proceeds used to pay tax on behalf of the trust or beneficiary
- Calculation is made to determine how much insurance is needed





# CHARITABLE PLANNING

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- Naming a 501 (c)(3) charity as a full or partial beneficiary to an IRA serves to reduce the taxable income of an estate or trust
- Helpful to list Charity as a trust beneficiary along with children, so that trust can receive a deduction for the charitable gift, which will help the children





# PLANNING OPPORTUNITIES

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Complexity  
=  
Possible Savings  
Opportunities

Consider  
Evaluating  
Tax  
Structure



We can provide solid  
financial and tax  
planning services



# Q&A SESSION

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# THANK YOU FOR ATTENDING!

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OUR FAMILY DELIVERING SOLUTIONS FOR YOUR FAMILY.

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