2023 · WHAT IMPORTANT ISSUES SHOULD I CONSIDER REGARDING CHANGES MADE BY THE SECURE ACT 2.0?

WINDWARD Private Wealth Management Inc.

PLANNING ISSUES - EFFECTIVE 2023	YES	NO
Were you born in 1951 or later? If so, consider the following: ▪ If you were born between 1951 and 1959, your RMD begins when you turn 73. If you were born in 1960 or later, your RMD begins when you turn 75. ▪ Implementing additional tax planning strategies (e.g., Roth conversions, harvesting capital gains, accelerating taxable distributions, etc.) before RMDs commence may help mitigate your (or your heirs') overall tax liability in the future.	☐	☐
Are you looking for additional ways to delay your RMD and/or reduce the chances of outliving your money? If so, consider putting a portion of your IRA into a qualified longevity annuity contract (QLAC), which would enable you to delay taking RMDs on that portion until the age of 85. Be mindful of the new $200,000 limit (adjusted for inflation).	☐	☐
Does your employer offer a match on your retirement plan contributions? If so, consider whether electing the newly allowed employer matches to Roth accounts (taxable as income) is better suited to your tax planning goals.	☐	☐
Are you contributing to a SEP or SIMPLE IRA? If so, consider whether making newly allowed Roth contributions makes sense for your personal tax situation.	☐	☐
Are you a public safety worker (including private sector firefighters and state or local correctional officers), and do you need to access your retirement funds early? If so, you may be eligible to access your funds penalty-free if you are over the age of 50 and separating from service. If under the age of 50, you may still be eligible if you have at least 25 years of qualified service to the same employer before separating from service.	☐	☐
Are you terminally ill, and do you need to access your retirement funds early? If so, you may be eligible to access your funds penalty-free if your doctor expects you will pass away in the next 7 years. (continue on next column)	☐	☐

PLANNING ISSUES - EFFECTIVE 2023 (CONTINUED)	YES	NO
Do you need to take a hardship withdrawal from your retirement plan, and is the timing urgent? If so, consider requesting the withdrawal from your employer via the newly allowed "self-certification" (no evidence required) in order to expedite the process (if adopted by your employer). Be mindful to document your evidence in the event you are audited.	☐	☐
Is giving to charity part of your financial planning goals? If so, consider whether making qualified charitable contributions (QCDs) to a charitable remainder trust (CRT) or charitable gift annuity makes sense for your situation, but be mindful of the associated limitations and costs.	☐	☐

PLANNING ISSUES - EFFECTIVE 2024	YES	NO
Do you (or will you) have extra funds in a 529 plan? If so, consider transferring it to a beneficiary's Roth IRA (if they have earned income). Be mindful of the $6,500 annual transfer limit (reduced by any regular contributions) and $35,000 lifetime limit per beneficiary.	☐	☐
As an employee, do you plan to make catch-up contributions to your employer's retirement plan, and are your wages over $145,000? If so, consider the impact of now only being eligible to make catch-up contributions to a Roth account (i.e., no tax deduction).	☐	☐
Do you have a younger spouse that you anticipate may predecease you (e.g., terminal illness, family longevity issues, etc.), and also has a retirement plan you may inherit? If so, consider whether electing (if allowed) to be treated "as your deceased spouse" (i.e., start taking RMDs based on when they would've needed to take them) would be more appropriate for your financial goals.	☐	☐
Do you have a Roth retirement plan (e.g., 401(k), 403(b), etc.)? If so, consider how the elimination of RMDs for this account affects your plan. (continue on next page)	☐	☐

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PLANNING ISSUES - EFFECTIVE 2024 (CONTINUED)	YES	NO
Do you need to make a non-hardship emergency withdrawal (e.g., unexpected expense) from your retirement plan? If so, you may be able to access up to $1,000 penalty-free from your retirement plan to be used for emergency expenses. Be mindful of any applicable limitations (e.g., once per year, can't use again until paid back or three years have passed, etc.).	☐	☐
Have you been the victim of domestic abuse, and do you need to access funds in your retirement plan? If so, you may be eligible to access your funds penalty-free (up to $10,000 or 50% of your vested balance, whichever is less) via self-certification with your employer.	☐	☐
Does (or will) your employer offer the new Emergency Savings Account as part of your retirement plan benefits? If so, consider whether contributions (including employer matches) to this account would appropriately complement your emergency fund and/or savings goals. Be mindful of any limitations that apply (e.g., $2,500 limit, one distribution per month, must be held in a cash-like account, highly compensated employees can't participate, etc.).	☐	☐
Do you currently have student loans? If so, consider whether taking advantage of the newly allowed "employer match" on student loan payments makes sense for your situation (if permitted by your employer).	☐	☐
Are you a business owner planning to start a new (or make changes to an existing) retirement plan? If so, consider reviewing the new changes made to retirement plans before making your decision (e.g., Starter 401(k), decreased hour requirements for employee participation, changes to non-elective contributions to SIMPLE plans, etc.).	☐	☐
Are you considering establishing a retirement plan for your business for the prior tax year, and are you a sole proprietor (or is your LLC taxed as a sole proprietorship)? If so, consider whether retroactively establishing a 401(k) (as opposed to a SEP IRA) makes better sense for your business and tax planning goals. Be mindful that your plan must be established and funded before your personal tax filing deadline (excluding extensions) in order to get a tax deduction for the prior year.	☐	☐

PLANNING ISSUES - EFFECTIVE 2025	YES	NO
Do you plan to make catch-up contributions to your employer's retirement plan, and are you age 60, 61, 62, or 63? If so, consider the following: ■ You may make increased catch-up contributions to your 401(k) (or other similar plan) in the amount of $10,000 or 150% of the applicable catch-up limit from the prior year (whichever is greater). ■ You may make increased catch-up contributions to your SIMPLE plan in the amount of $5,000 or 150% of the applicable catch-up limit for the current year (whichever is greater).	☐	☐
Do you sponsor (or does your employer have) a new 401(k) or 403(b) retirement plan established after 2024? If so, be mindful that all employees will be automatically enrolled in 401(k) and 403(b) retirement plans, unless you are part of an exempt place of employment (e.g., business less than 3 years old, 10 or fewer employees, churches, government, etc.).	☐	☐

PLANNING ISSUES - EFFECTIVE 2026	YES	NO
Do you plan to purchase (or have you already purchased) a qualified long-term care (LTC) insurance policy? If so, consider whether taking penalty-free distributions (the lesser of 10% of vested balance or $2,500 [adjusted for inflation]) from your retirement plan to pay for your (or your spouse's) qualified LTC premiums makes sense for your situation. Be mindful of any limitations that apply (e.g., distributions can't exceed LTC premium, etc.).	☐	☐
Are you currently disabled, and did your disability occur before the age of 46? If so, consider whether the newly expanded access to ABLE accounts could benefit your financial planning goals.	☐	☐