CONSOLIDATED APPROPRIATIONS ACT OF 2023 (SECURE ACT 2.0) SUMMARY

The Consolidated Appropriations Act included many changes from the proposed retirement bill known as SECURE Act 2.0. We believe these changes present significant opportunities for high-net-worth savers and retirees.

Required Minimum Distributions (RMDs)

The RMD age was pushed back again for many retirement account owners (Original SECURE Act 70.5 to 72).

Birth Year	Age RMDs Begin	Notes
1950 or earlier	72	70.5 if turned 70.5 prior to 2020
1951-1959	73	If you turn 72 in 2023, RMD starts next year at 73
1960 or later	75	

Retirement Catch-Up Contributions

- IRA Catch-Up Contributions – Indexed for Inflation starting 2024 / Currently flat $1,000
- Higher catch-up limits for those **ONLY** ages 60, 61, 62, 63 starting (2025) – 50% more

	New	Current
401k, 403b	$11,250	$7,500
Simple IRA	5,250	$3,500

New Retirement Catch-Up Contribution Income Testing

Catch-up contributions by ALL high earners to defined contribution plans (401k, 403b, 457 etc.) must be Roth starting in 2026[1]

- High Earner = wages > $145k (indexed for inflation) in the prior year

[1] Note: Forced high income catch-up contribution requirement pushed back from 2024 to 2026
https://www.irs.gov/newsroom/irs-announces-administrative-transition-period-for-new-roth-catch-up-requirement-catch-up-contributions-still-permitted-after-2023

CORIENT

Education Planning—529 Rollover to Roth IRA

Money in a beneficiary's 529 plan can be rolled to that same beneficiary's Roth IRA with the following restrictions (starting 2024):

- 529 plan account must be in existence for 15 years before rollover can be done
- Total lifetime rollover amount for a beneficiary is limited to $35,000
- Annual rollover amount is limited to lesser of $6,500 in 2023 or earnings
- A 529 plan rollover to a Roth IRA counts toward the annual contribution limit for that year
- Contributions to the 529 plan within the last 5 years + earnings are ineligible to be moved
- No earnings limitation

Expanded Roth Options

- Matching contributions can be made on a Roth basis instead of pre-tax
- SIMPLE IRA deferrals and SEP-IRA contributions can be Roth
- Roth 401ks and 403bs no longer subject to pre-death RMDs

Timeline

2023
- RMD age pushed back: 73 for people who did not turn 72 during 2022, 75 for those turning 75 in 2033 or later
- 401k match option as Roth
- Reduce penalties for missed RMDs to 25% and 10% if corrected in a timely manner
- SIMPLE IRA deferrals and SEP-IRS contributions can be Roth

2024
- Roth 401k and 403b RMDs eliminated
- 529 Rollover to Roth IRA
- Qualified Charitable Distribution (QCD) max amount linked to inflation (still begins at 70.5)

2025
- Higher catch-up limits for those 60 to 63
- Auto enrollment and escalation in new 401k plans

2027
- Catch-up contribution for high earners (>$145k) must be Roth

If you have questions about the consolidated appropriations act of 2023, please contact your Corient Wealth Advisor.