



SECURE 2.0

PROVISIONS THAT MAY IMPACT YOU AND
YOUR RETIREMENT PLANS

Inside  Your Wealth

SPECIAL EDITION | 2023 FEBRUARY

A Note from Marilyn

Let's design your ideal retirement lifestyle, starting today, for tomorrow and for life.

The Secure Act 2.0 is now law. How does it impact your *Financial House* and your retirement planning? This new law has several benefits that may support both your retirement savings and distributions. Take a look at our summary of these important benefits in this month's letter.

Also join us on 2/24 @ 12pm (online) for our *Ask Marilyn* program where we will have a deeper conversation about the impact of this bill.

Now as you prepare for tax season, please integrate this new set of benefits into your retirement planning and your *Financial House*.

Call us for a conversation and second opinion on how this law will benefit you, your family and your business today and in the future.

We included a newly updated pocket tax-guide alongside the summary of the Secure Act 2.0 to help you stay focused on your Bigger, Bolder and Brighter intentions in 2023!

Be well and thrive!

Marilyn

This issue:

A NOTE FROM MARILYN

**SECURE 2.0 ACT SUMMARY -
CHANGES TO RETIREMENT
PLAN WITHDRAWALS AND
CONTRIBUTIONS** PP 2&3

Did you know? The SECURE 2.0 Act was signed into law and several provisions will impact many - if not all- American retirees and pre-retirees. More inside..

EVENTS AND REMINDERS P4

**PLUS! BONUS INSERTS ON
TIPS AND TOOLS**

- YOUR SPECIAL
POCKET TAX GUIDE
- WOMEN AND SECURE
2.0 - WHAT IT MEANS
FOR YOU

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SECURE 2.0 ACT

PROVISIONS THAT MAY IMPACT YOU AND YOUR RETIREMENT PLANS

On December 29, 2022, the SECURE 2.0 Act was signed into law. The legislation expands on many retirement planning areas addressed by the original SECURE Act of 2019.

While some of the details still need to be clarified by various government agencies, the new law makes several changes in some retirement and tax planning areas. Here are some key items that may impact you and your retirement plans.

DISTRIBUTION RULE CHANGES

Further Increase to Required Minimum Distribution (RMD) Age

Starting January 1, 2023, RMD starts at 73 and increases further to 75, starting January 1, 2033. Those who turned 72 before January 1, 2023, will still need to satisfy their first RMD by April 1, 2023.

BIRTH YEAR

RMD AGE

1950

72

1951-1959

73

1960+

75

Reduction in the Missed RMD Penalty

Under prior law, missed RMDs were subject to a **50%** penalty of the amount not taken. **Starting in 2023, the penalty is reduced to 25%.** If the mistake is deemed to be corrected in a timely manner, the penalty can be further reduced to 10%

Elimination of RMDs for Employer Plan Roth Accounts

Starting 2024, Roth accounts in employer plans will no longer require RMDs during the owner's life, aligning them with the rules of Roth IRAs.

Additional Surviving Spouse Distribution Option

Starting in 2024, a surviving spouse can use **their deceased spouse's date of birth to calculate RMDs.** This could be beneficial for a surviving spouse who is older than his or her deceased spouse. Another benefit to this election is that it does not eliminate the stretch option for an eligible designated beneficiary of the surviving spouse.

Retirement Savings Lost and Found

Can't find or receive your benefits because your former employer moved, changed its name or merged with a different company? Section 303 directs for the creation of the national online database for Americans' retirement plans at the Department of Labor ("DOL") no later than 2 years after the enactment of this Act.



SECURE 2.0 ACT

PROVISIONS THAT MAY IMPACT YOU AND YOUR RETIREMENT PLANS

CONTRIBUTION RULE CHANGES

Student Loan Payments as matching contributions

Starting in 2024, employees will be allowed to receive matching contributions by reason of repaying their student loans. Employers can make matching contributions under a 401 (k) plan, 403 (b) plan, or SIMPLE IRA and 457 (b) plan for governmental employers with respect to "qualified student loan payments".

Increased Employer Plan Catch-Up Contributions Aged 60, 61, 62, and 63

Starting 2025, individuals aged 60 - 63 participating in an employer plan with a salary deferral component will be eligible for an additional catch-up contribution. For 401(k) and 403(b) plans, the catch-up contribution limit will be increased to the greater of \$10,000 (indexed annually for inflation) or 150% of the regular catch-up contribution limit for the year.

For those making salary contributions in SIMPLE IRA, the catch-up contribution limit will be increased by the greater of \$5,000 or 150% of the regular SIMPLE IRA catch up contribution for the year.

Mandatory Roth Catch-Up Contributions for High Earners

Starting in 2024, individuals aged 50 and older whose wages exceed \$145,000 (indexed annually for inflation) in the previous year from the employer sponsoring the plan, will be required to make catch-up contributions on a Roth basis. In other words, the catch-up contribution, if made, will be included in their taxable income, and cannot be made on a pretax basis.

10% PENALTY-FREE WITHDRAWALS

Exceptions for pre-59 1/2 withdrawals from qualified retirement accounts include:

- **Terminal Illness**
- **Federally declared disasters (max of \$22,000)**
- **Distributions to pay for Long-Term Care Insurance**
- **Domestic Abuse**
- **Emergency Expenses**

529 to Roth IRA Transfers

Starting 2024, individuals will be allowed to rollover funds directly from a 529 savings account to a Roth IRA.

- The 529 account must be open for at least 15 years.
- The funds must be transferred to a Roth IRA in the name of the 529 account's beneficiary.
- The maximum transfer allowed per individual's lifetime is \$35,000
- Any contributions made in the last 5 years, are ineligible for transfer.

Starting in 2024, the catch-up contribution for Traditional and ROTH, will be adjusted annually for inflation in \$100 increments.

WOMEN & SECURE ACT 2.0 - WHAT IT MEANS FOR YOU 410434-1

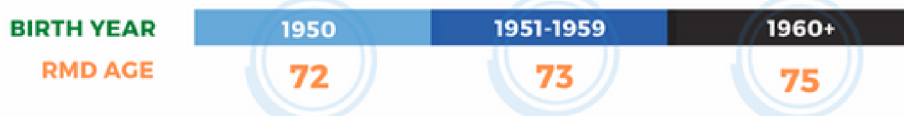
Last December 29, 2022, the SECURE Act 2.0 was signed into law to encourage Americans to save more for their retirement, or what you may call - "your future life".

There are provisions that may impact you and help serve and support your goals. Financial odds have been stacked against women for years¹, let's go through some provisions that you need to know.

DELAYED RMD (Required Minimum Distribution)

For several decades, the RMD age was 70½ until the passage of the original SECURE Act in 2019 which delayed RMD age to 72. SECURE Act 2.0 further delays the RMD age to age 73 for those born between 1951-1959, and to age 75 for those born in 1960 or later.

DELAYED RMD (Required Minimum Distribution)



What does this mean for you? RMDs may be a heavy tax burden, especially for those who are still working or receiving pension, annuity, or distribution from taxable accounts. Since you are forced to withdraw from your tax-deferred retirement plans such as IRA/401K/403b, this is taxed as though you are receiving a paycheck. For savers, this could be substantial and could have a big impact on your lifestyle or considerations on increased Medicare premiums. With the delay, there are several alternatives for strategic planning. The key is to take action now to enable you to identify possible opportunities.

BENEFITS FOR PART-TIME WORKERS AND MILITARY SPOUSES

With the many hats women wear from caregivers to young children, aging parents or relatives, many women often take on part-time work by choice¹. The same goes for 92% of military spouses who are women that could not be otherwise eligible due to rotating military assignments².

Beginning in 2025, part-time employees who have been working for two consecutive years and have accrued at least 500 hours will be eligible to contribute to their employer's retirement plan.

NEW EXCEPTIONS TO THE 10% EARLY WITHDRAWAL PENALTY

FOR DOMESTIC ABUSE SURVIVORS

Beginning in 2024, domestic abuse survivors could access retirement funds penalty-free to help escape an unsafe situation due to domestic abuse. To access the funds, the participant needs to self-certify that they are in an unsafe situation.

The withdrawal amount is limited to \$10,000 or 50% of the account balance, whichever is less, and income taxes must still be paid on the amount withdrawn if it is withdrawn from a non-Roth account. However, the withdrawal is allowed to be paid back within 3 years to recover the taxes paid.

DISTRIBUTIONS TO PAY FOR LONG-TERM CARE INSURANCE

Beginning in 2026, SECURE 2.0 enables retirement-plan participants to take penalty-free withdrawals of up to the lesser of 10% of their vested balance or \$2,500 (adjusted for inflation) each year to pay for long-term care insurance.

These are just a few key items for our Savvy Women Community. With the knowledge and broader access to these lifelines, women can benefit from a little lift to support their bigger dreams, goals and intentions.

For any questions about this article or to schedule your **complimentary Lifestyle Upgrade Assessment**, contact **Marilyn Suey** at **925-219-0080** or email **marilyn.suey@diamondgroupwealthadvisors.com**.


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¹ Employed and unemployed full- and part-time workers by age, sex, race, and Hispanic or Latino ethnicity : U.S. Bureau of Labor Statistics ([bls.gov](https://www.bls.gov))

² WB-MilSpouse-factsheet.pdf ([dol.gov](https://www.dol.gov))



HEALTHCARE COST IN RETIREMENT

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In a 2022 survey, 35% of all workers reported they were either “not too” or “not at all” confident that they would have enough money to pay for their medical expenses in retirement. Regardless of your confidence, however, being aware of potential healthcare costs during retirement may allow you to understand what you can pay for and what you can’t.¹

Health-Care Breakdown

A retired household faces three types of healthcare expenses.

1. The premiums for Medicare Part B (which covers physician and outpatient services) and Part D (which covers drug-related expenses). Typically, Part B and Part D are taken out of a person’s Social Security check before it is mailed, so the premium cost is often overlooked by retirement-minded individuals.
2. Copayments related to Medicare-covered services that are not paid by Medicare Supplement Insurance plans (also known as “Medigap”) or other health insurance.
3. Costs associated with dental care, eyeglasses, and hearing aids – which are typically not covered by Medicare or other insurance programs.

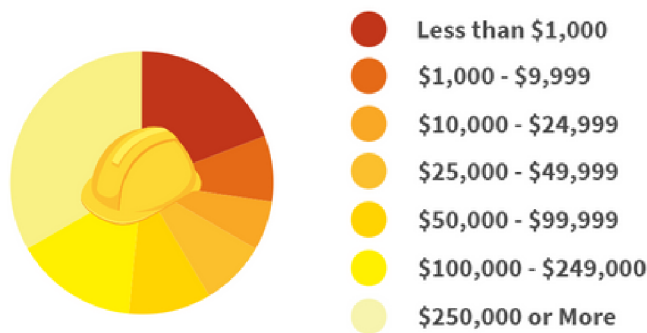
It All Adds Up

According to a HealthView Services study, a 65-year-old healthy couple can expect their lifetime healthcare expenses to add up to around \$597,389 before accounting for inflation¹.

Should you expect to pay this amount? Possibly. Seeing the results of one study may help you make some critical decisions when creating a strategy for retirement. Without a solid approach, healthcare expenses may add up quickly and alter your retirement spending.

Prepared for the Future?

Workers were asked how much they have saved and invested for retirement – excluding their residence and defined benefit plans².



For any questions about this article or to access your **complimentary Lifestyle Upgrade Assessment**, contact **Marilyn Suey** at **925-219-0080** or email **marilyn.suey@diamonddgroupwealthadvisors.com**.


Custom plans for every stage
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Source: EBRI.org, 2022

1. EBRI.org, 2022 | 2. HVSFinancial.com, 2022

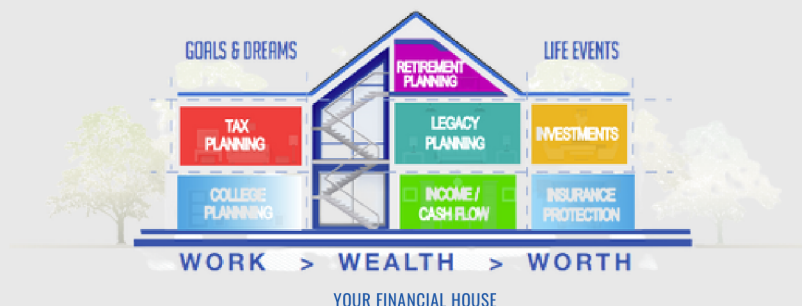
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ask

Friday, Feb 24
12 PM, PT | Online

Marilyn

YOUR MONEY MATTERS+

SECURE 2.0 Act:
Clarifying the Complex
**New provisions that may impact you
and your retirement plans**

Understand the provisions that may impact you and your retirement plans. Get some advanced planning insights from Marilyn Suey and her guest Brian Carlson, Regional VP for Jackson National.

Take charge with a plan for your future to support your desired retirement lifestyle.

Join ASK Marilyn! Register now!

GUEST: BRIAN CARLSON, CIMA®
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To register, scan
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