



Impact of the SECURE Act on Required Distributions

The Setting Every Community Up for Retirement Enhancement (SECURE) Act is federal legislation that was signed into law in December 2019. The SECURE Act is a broad law that changes some rules about saving for retirement and how retirement savings can be distributed. Below is an initial summary of the effects on TRS members and their TRS Tax-Deferred Annuity (TDA) Program accounts.

1) While You Are Alive: The SECURE Act increases the age at which required minimum distributions must begin from 70½ to 72. This change is effective for individuals who reach age 70½ after December 31, 2019 and who have left active service.

- TRS members who were subject to RMD rules in 2019 (generally, retirees who reached age 70½ by December 31, 2019) will need to receive RMDs in 2020.
- TRS members who reach age 70½ after December 31, 2019 will not be subject to RMD requirements until the year in which they reach age 72 (or the year they leave active service, if later).
- TRS members who were in active service and were at least age 70½ as of December 31, 2019 will be subject to RMD requirements in the year they leave active service.

2) After Your Death: The SECURE Act changes rules regarding the distribution of TDA funds payable to beneficiaries.

TDA Program Accounts

- There are no changes from the current rules if the member dies before January 1, 2022.
- For members who die on or after January 1, 2022, the key impact is that TDA benefits (including "TDAB" accounts) must be fully paid within 10 years of the member's death—except if the beneficiary is a surviving spouse or in other special situations*.
- TRS will publish more information as it becomes available.

** Note: The SECURE Act provides more flexible rules for payees who are surviving spouses, disabled beneficiaries, chronically ill beneficiaries, beneficiaries who are up to 10 years younger than the member, and minor children.*

Inherited IRAs

- For members who die on or after January 1, 2020, the above distribution rules generally apply to Inherited IRAs. For more information, contact your tax advisor.

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