

New Tax Rules Coming for 2020

December 2019

As we noted in our June newsletter, there was possibility of potential law changes in 2019. However, things looked bleak entering the last week of Congress being in session.

To the surprise of many, lawmakers on Monday attached income tax changes (along with other law changes) to the government spending bill that is needed to avoid a government shutdown. The House passed the bill on Tuesday, and the Senate signed Thursday, and the President is expected to sign it today. Thus, it appears the changes will occur.

What does this mean?

The text of the proposed bill is lengthy and wide ranging, so we will just highlight a few.

- Change to the required minimum distribution age. Beginning in 2020, the required age will move from 70 ½ to 72. For those people turning 70 ½ in 2020, this could be change to your planning strategy. **Important point:** This new change does not apply to individuals already 70 ½ as of 12/31/19.
- Change to the Inherited IRAs. Inherited IRAs will no longer have required distributions over the beneficiary life expectancy. However, to the extent an exception does not apply, the Inherited IRA will need to be distributed within 10 years of original account holder's death. **Important point:** This new change does not apply to Inherited IRAs created before 12/31/19.
- Change to 529 Education Account. Investments in these accounts will be eligible to pay up to \$10,000 of qualified education loans for each designated beneficiary. **Important point:** The \$10,000 is a lifetime amount.

If you or someone you care about has questions about these potential new rules, please let us know.

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