DISASTER RELIEF IN THE RETIREMENT INDUSTRY

Disaster Relief

We in the retirement industry are in a unique position to directly help individuals who are impacted by disasters such as the recent Maui fires. Our role as trusted advisors to employees' retirement plans gives us the opportunity to open additional relief dollars to impacted individuals. Please recall that SECURE 2.0 contains a provision that provides a permanent disaster distribution provision. The provision allows access to retirement assets in the event of a qualifying disaster. If you recall it allows distributions up to a maximum of $22,000 per disaster that is repayable over three years following the distribution (distribution is includible in income spread over those three years). Also the loan limits are increased for disaster to the lesser of $100,000 or 100% of vested balance. You may want to inquire with your clients' recordkeepers whether they are ready to respond and engage your clients that may be impacted about the use of this of provision.

Roth Catch-Up

Friday afternoon the IRS announced that it is granting a two-year delay on the effective date of SECURE 2.0's requirement that catch-up contributions must be Roth for individuals earning more than $145,000 (indexed). In other words, catch up contributions can continue to be made pre-tax through 2025 no matter one's income.

While no immediate action is necessary for your clients' plans, proactive communication remains a hallmark of excellent advisory. Keeping your clients abreast of changes, even those delayed, demonstrates a dedication to their financial well-being. As we navigate these intricate landscapes, the retirement industry stands ready to not only extend relief during times of crisis but also adapt to the ever-changing needs of those we serve.