Engaging clients on recent retirement legislation

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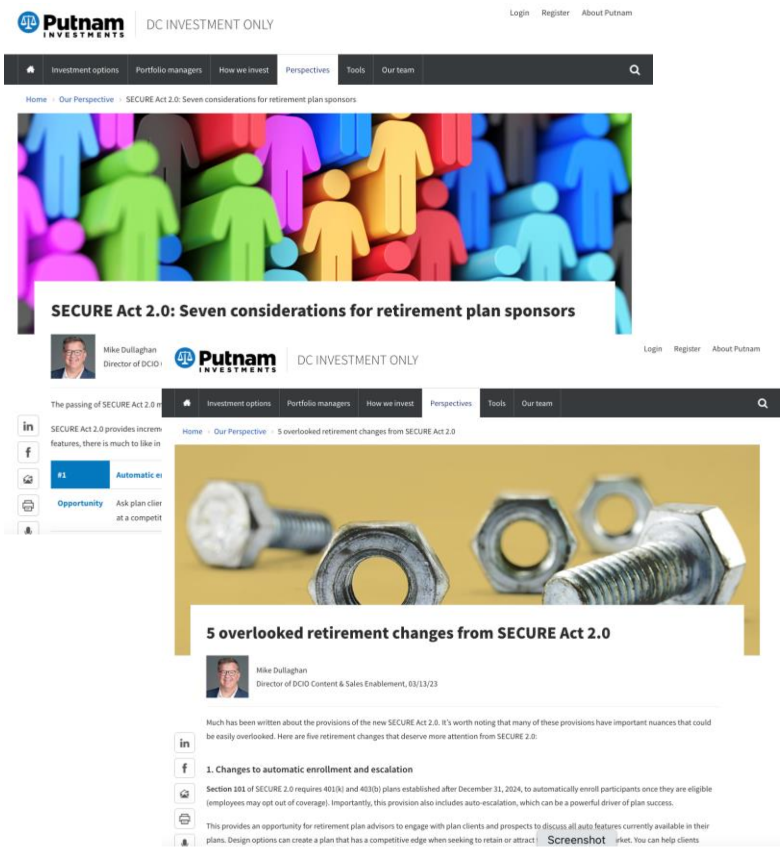
Significant legislative changes to retirement accounts in recent years

SECURE 1.0	SECURE 2.0
• Open MEPs / PEPs • Increased tax credit for start-up plans • New tax credit for auto-enrollment • Expanded access to lifetime income option • Lifetime income disclosure requirements • Plan coverage for long-time PT workers • RMD age to 72 • No age limit for traditional IRA contributions • Repeal of stretch distributions • No early withdrawal penalty for birth/adoption	• Enhanced start-up plan tax credit • Auto-enrollment required for new plans • Tax credit to offset employer contributions • New emergency savings accounts • Additional catch-up contributions ages 60-63 • SEP and SIMPLE Roth accounts • Roth catch-up for those > $145k in compensation • Roth matching contributions • RMD age to 73/75 • Penalty for not taking RMD lowered • More exceptions to 10% early withdrawal penalty • Roth IRA option for unused 529 funds • Student loan payments considered for employer match

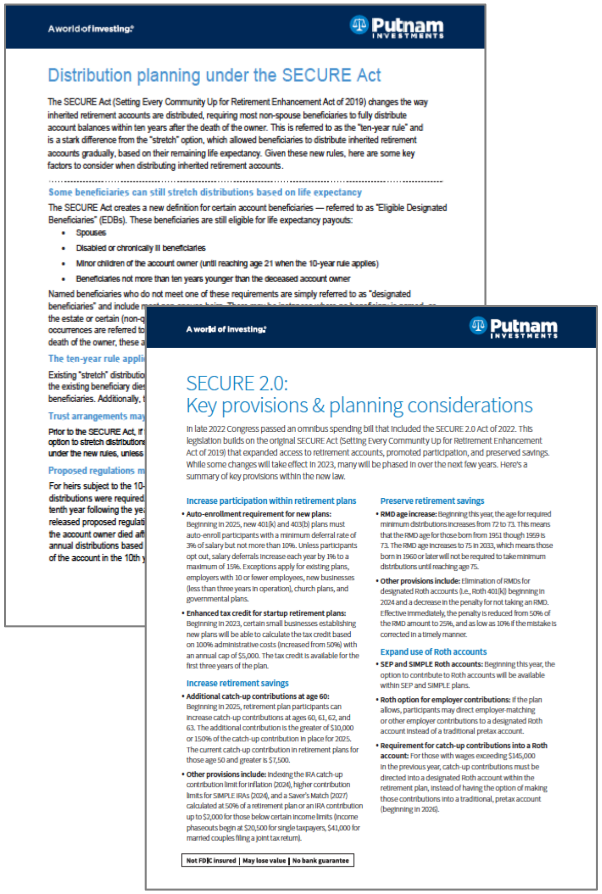
Opportunities to engage plan sponsors on recent plan-related changes

- Auto-enrollment for new plans
- Start-up tax credits --- cover 100% of costs for first 3 years
- 403(b) plans can join MEPs and PEPs
- Employer-matching contributions for student loan payments
- Financial incentives for plan participation
- Starter 401(k) and 403(b) plans
- Participant purchases of QLACs



Planning considerations for individuals

- Increase in the RMD age
- Connecting with HNW retirees and their heirs on the new 10-year rule
- Roth accounts to hedge the risk of higher taxes in the future
- New 529 to Roth IRA transfer option
  - $35,000 lifetime and follows annual Roth IRA contribution limits
  - Roth IRA in name of 529 beneficiary
  - 529 account must be established for at least 15 years



Tax rates poised to increase as the TCJA expires at the end of 2025

Taxable Income	2023 Tax Rates	Projected Tax Rates	Difference
$0 - $22,000	10%	10%	0.0%
$22,001 - $89,450	12%	15%	3.0%
$89,451 - $180,000	22%	25%	3.0%
$180,001 - $190,750	22%	28%	6.0%
$190,751 - $274,400	24%	28%	4.0%
$274,401 - $364,200	24%	33%	9.0%
$364,201 - $462,500	32%	33%	1.0%
$462,501 - $490,000	35%	33%	2.0%
$490,001 - $553,600	35%	35%	0.0%
$553,601 - $693,750	35%	39.6%	4.6%
Over $693,750	37%	39.6%	2.6%

Sources: Internal Revenue Service and Putnam research. Projected tax rates are estimated, based on analysis of 2017 tax rates prior to passage of the TCJA, with tax bracket figures adjusted to account for annual inflation adjustments through 2023. Figures in red indicate an increase in tax rate upon TCJA expiration. Figures in green indicate where tax rates at certain income levels would decrease upon expiration of the TCJA. Based on brackets for married couples filing a joint tax return.

Contact Putnam

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