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Growing Wealth Responsibly

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SECURE Act

[Setting Every Community Up for Retirement Enhancement Act of 2019](#)

Starting a Family, Adoption and the Kiddie Tax

By

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On December 20, 2019, a new retirement bill — **Setting Every Community Up for Retirement Enhancement Act**, better known as the SECURE Act, was passed as part of the 2020 fiscal year appropriations bill.

What does this mean for you? There are several areas of the SECURE Act which will have an impact based on where you are in the Retirement Life Cycle — if you are just starting your education, new to the work force, starting a family or preparing for retirement, you may be affected by the SECURE Act.

The information provided is not meant to be advice. It is to make you aware of some of the changes that might affect you and your family. Please schedule a meeting so we can review in detail how this new law will impact your individual situation.



Starting a Family and Adoption

The SECURE Act added a provision that families can withdraw \$5,000 from a retirement plan for adoption or birth of a child without paying the 10% early distribution penalty.

Kiddie Tax

The Kiddie Tax was changed with the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA stated the first \$1,100 of investment (unearned) income is tax free, the second \$1,100 is taxed at the child's tax rate (usually 10%) and any additional unearned income is taxed at Trust rates. The SECURE Act returns the final tax rate from the Trust tax rates to the tax rate of the parents.

Consult with your financial, tax and legal advisors to ensure your goals can still be accomplished under the new laws.

Sources include: Congressional Research Service/Library of Congress - www.loc.gov, Wealth Management - www.wealthmanagement.com, National Association of Enrolled Agents - www.naea.org, Kiplinger - www.kiplinger.com

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