



Last month, the House of Representatives passed the Secure Act 2.0 and it is now with the Senate. The act is meant to encourage more saving by individuals as too many individuals reach retirement without having the savings they need to comfortably retire. The bill builds on the previous Secure Act to enhance retirement.

One provision would require employers to automatically enroll eligible employees in 401k plans at a rate of 3% of salary, which would increase annually until the employee is contributing 10% per annum. Employees do have the ability to opt out or choose another contribution percentage. Any business with 10 or fewer employees or that has been in business for less than three years would be excluded from the mandate.

The plan would also allow employees closer to retirement to contribute more money. Individuals ages 62, 63, and 64 could make catch-up contributions of as much as \$10,000 which is up from the current \$6,500 catch-up contribution.

An important point is that the starting age for Required Minimum Distributions would increase to 73 in 2022, 74 in 2029 and 75 in 2032. The original Secure Act moved the age from 70 ½ to 72.

# SECURE ACT 2.0

For those individuals with significant student debt who are unable to contribute to a 401k due to debt payments, will now still be able to get the employer match placed in their 401k even if they cannot contribute the amount needed to receive the match.

Employees would also have the ability to elect that all or some of an employer match be applied to a Roth 401K, providing them tax benefits when they retire.

Other provisions of the bill include:

- Creation of a National Database to enable employees to locate and claim lost retirement accounts
- Changes for small business owners and low-wage workers to receive certain tax credits
- Changes for survivors of domestic abuse

The Senate has two similar bills that address these issues. With the high vote in the house for Secure Act 2.0, it appears the Senate will get something passed in the next few weeks or months.

## Summary

These changes are going to result in individuals putting more money away for retirement in their qualified plans. This will make retirement planning even more important than ever. The retirement annuities such as ASIA PLUS with LIRs can be a great method for funding retirement and there will hopefully be more funds available as more individuals contribute more.

**For questions and more information, contact the Advanced Sales Department at 888-504-2550 ext. 5767.**

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