

SUBJECT IRA CHANGES WITH THE NEW IRS RETIREMENT LEGISLATION

With the passing of the new SECURE Act of 2019, we evaluated various CU*BASE tools used for working with IRA accounts. Specifically, we looked at tools for making contributions and for handling member Required Minimum Distributions, since the RMD age was raised from 70 ½ to 72, and contributions to Traditional IRAs are now allowed past age 70 ½.

NOTE: Remember these changes apply only to members who haven't already turned 70 ½ prior to 2020.

At this point we do not believe any software changes are necessary in the short term. We will be looking at possible report enhancements and will also change year-end processes in time for the creation of 2021 IRA balance file records next year.

In the meantime, here are some tips on adapting how you use existing CU*BASE tools, in light of these changes:

Tool #896 Update IRA Balance Information

This tool lets you adjust 2020 contribution limits for individual members. Deposit limits for Traditional IRAs are now allowed even after age 70 ½. Because of the rules that were in place on January 1st when this year's records were generated, contribution limits for 2020 were only applied to members under age 70 ½.

- **FOR YOU TO DO:** For any members who are over 70 ½, review and adjust contribution limits for Traditional IRA plans as needed. Otherwise you'll encounter warning messages if the member attempts to make a contribution.
- **FOR US TO DO:** Nothing; when we make the changes to the plan activation discussed below, next year's limits will be set according to the new age parameters.

Tool #414 IRA Plan Activation

This config is used when creating new IRA accounts throughout the year, as well as at the end of the year when creating next year's balance file records.

- **FOR YOU TO DO:** As new accounts are opened this year for members who are over age 70, you should verify what their contribution limit should be and adjust their IRA balance file accordingly, so that you won't encounter an error message when contributions are posted. (See Tool #896, already discussed.)
- **FOR US TO DO:** Prior to the end of this year we will adjust this screen and related programming so that the "applies to ages xx to 70.5" setting for Traditional IRAs will instead be "applies to ages xx and above," similar to how Roth IRAs already work.

Tool #415 IRA Required Minimum Distrib. Inquiry

This tool calculates RMD amounts based on current IRS tables. We are unaware of any changes to the calculations in these tables at this time.

- **FOR YOU TO DO:** Ignore any members under age 72 or who are exceptions to the RMD requirements for any other reason.
- **FOR US TO DO:** Nothing at this time, unless the IRS publishes new calculation tables.

Tool #416 IRA Required Minimum Distribution Report

This report simply shows members aged 70 ½ or older who have one or more IRA accounts.

- **FOR YOU TO DO:** Simply ignore any members on this report who are under age 72, or who are exceptions to the RMD requirements for any other reason.
- **FOR US TO DO:** We will look at either changing this report to use age 72, or perhaps enhancing the selection criteria so you can enter an age and as-of date (in case the IRS decides to change the age again in the future). Either way, we'll target this for the second half of the year, probably in the 20.12 year-end tax release.

Tool #898 Update IRA Payout Information

This tool records information about a member's wishes for handling the payout of his or her IRA plan.

- **FOR YOU TO DO:** Nothing, unless a member is actually eligible for RMDs and needs to have payout info set up.
- **FOR US TO DO:** Nothing unless the IRS publishes new calculation tables.

As of today you will find these tips incorporated into the online help topics for these tools, as well as in the [IRA Processing](#) reference booklet.

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