

SECURE 2.0 Retirement Planning Guide

What changed when it takes effect and what to do next

A plain English guide for savers retirees families and small business owners

The short answer SECURE 2.0 changed retirement rules in stages. Some provisions are already helping clients, several important rules begin in 2026, and the new Saver's Match begins in 2027.

This guide focuses on the changes most likely to affect real planning decisions: contribution limits, catch-up contributions, required minimum distributions, beneficiaries, 529 rollovers, emergency withdrawals, charitable giving, and employer plans.

Congress gave us more retirement choices, but apparently forgot to include a one-page instruction sheet.

That is what this guide is for.

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Client education guide • Current through October 7, 2026

The Changes That Matter Most

SECURE 2.0 is not one rule with one starting date. It is a collection of retirement provisions that became effective from 2023 through 2027 and beyond. The practical question is not simply “What did Congress pass?” It is “Which rule applies to me this year?”

Effective	What changed	Who should care
Already in effect	RMD age 73 for many retirees; lower missed-RMD penalty; Roth 401(k) accounts no longer require lifetime RMDs; 529-to-Roth transfers; new penalty exceptions; student-loan matching; small-employer credits.	Retirees, beneficiaries, families, employees and business owners.
2025	New plans generally use automatic enrollment; larger catch-up limits apply at ages 60 through 63; expanded coverage for long-term part-time workers.	Employees approaching retirement and employers starting plans.
2026	Higher earners must make plan catch-up contributions as Roth contributions when the rule applies; contribution limits and indexed thresholds increase.	Employees age 50 or older and payroll or plan administrators.
2027	The federal Saver’s Match replaces the current Saver’s Credit for qualifying contributions.	Lower- and moderate-income savers.

Not every employer plan offers every optional feature. The law may permit something that your particular plan has not adopted. Before acting, check the plan document or ask the plan administrator.

A word about Arizona

SECURE 2.0 is federal law and generally applies nationwide. Arizona residents still need to consider Arizona income-tax treatment, withholding, beneficiary planning, and whether a retirement decision affects other items on the state return. This guide concentrates on the federal retirement rules and flags planning questions to discuss before money moves.

REQUIRED MINIMUM DISTRIBUTIONS

When RMDs Begin

A required minimum distribution, usually called an RMD, is the minimum amount that generally must leave a tax-deferred retirement account each year after the owner reaches the applicable starting age. SECURE 2.0 raised that age for many people.

Date of birth	General RMD starting age	Planning note
Before July 1, 1949	70½	Older rules apply.
July 1, 1949 through 1950	72	The original SECURE Act rule applies.
1951 through 1959	73	SECURE 2.0 applies.
1960 or later	75	SECURE 2.0 applies beginning in 2035.

For the first RMD year, an owner may generally delay that first payment until April 1 of the following year. That can place two taxable RMDs in the same calendar year. Delaying may help in some cases, but it can also increase adjusted gross income, Medicare premiums, or the tax on Social Security benefits.

Roth 401(k) and Roth 403(b) accounts

Beginning in 2024, designated Roth accounts in employer plans are no longer subject to lifetime RMDs for the original owner. Inherited Roth accounts still follow beneficiary distribution rules. A rollover to a Roth IRA may still make sense for investment or administrative reasons, but avoiding lifetime RMDs is no longer the only reason.

The missed RMD penalty

SECURE 2.0 reduced the excise tax for a missed RMD from 50 percent to 25 percent. It may drop to 10 percent when the shortfall is corrected within the statutory correction window and the reporting requirements are met. A lower penalty is welcome, but the best penalty is still the one we avoid.

CONTRIBUTIONS

2026 Retirement Contribution Limits

The contribution limits below are the standard federal limits for 2026. Employer-plan terms, compensation, income limits, and nondiscrimination rules can reduce what a particular person may contribute or deduct.

Account or plan	Regular limit	Age 50 catch-up	Age 60 through 63 catch-up
401(k), 403(b), governmental 457(b)	\$24,500	\$8,000	\$11,250 instead of \$8,000
Traditional and Roth IRAs	\$7,500	\$1,100	No special age 60 through 63 amount
SIMPLE IRA or SIMPLE 401(k)	\$17,000	\$4,000	\$5,250 instead of \$4,000

Example Higher catch-up at age 62

Maria turns 62 during 2026 and participates in her employer's 401(k). If the plan permits catch-up contributions, her employee deferral limit can be \$24,500 plus the special \$11,250 catch-up, for a total of \$35,750. The special catch-up depends on age during the calendar year—not age on the date of each paycheck.

IRA limits require compensation and are shared across all traditional and Roth IRAs. The ability to deduct a traditional IRA contribution and the ability to contribute directly to a Roth IRA depend on separate income rules.

Lenny's take

A higher limit is an opportunity, not a command. First capture the employer match, then make sure the emergency fund and monthly cash flow are healthy. Retirement planning should help you sleep at night, not make the checking account nervous.

ROTH CATCH-UP RULE

Some 2026 Catch-Up Contributions Must Be Roth

Beginning in 2026, an employee whose prior-year Social Security wages from the employer sponsoring the plan exceeded \$150,000 must generally make plan catch-up contributions as designated Roth contributions when the plan offers catch-ups and a Roth feature. For 2026 contributions, the test looks to 2025 wages from that employer.

Question	Plain English answer
Who is affected	A catch-up-eligible participant whose prior-year FICA wages from the plan sponsor exceeded the indexed threshold.
What changes	The catch-up portion must generally be Roth. Regular deferrals may still be pre-tax or Roth, subject to the plan.
Why it matters	Roth contributions are made after tax, so take-home pay may fall compared with the same pre-tax catch-up.
What about the self-employed	The wage test is based on Social Security wages from the employer. Owners with only self-employment income require plan-specific review.

Example Same savings different paycheck

David, age 55, earned \$165,000 of Social Security wages from his employer in 2025. In 2026 he contributes the full \$24,500 regular deferral and another \$8,000 catch-up. If the rule applies, the \$8,000 catch-up must be Roth. David still saves \$32,500, but the catch-up no longer reduces his current federal taxable income.

Payroll systems may automatically reclassify amounts once the regular limit is reached. Employees should review elections before the first 2026 catch-up dollars are withheld and confirm how the plan handles the rule.

Moving Unused 529 Money to a Roth IRA

Beginning in 2024, certain unused 529 plan funds can move tax-free to a Roth IRA for the 529 beneficiary. This can reduce the fear of “overfunding” a college account, but it is not an instant \$35,000 rollover.

- The transfer must be direct from the 529 plan to a Roth IRA owned by the 529 beneficiary.
- The 529 account must have been open for at least 15 years.
- The lifetime limit is \$35,000 for that beneficiary.
- The annual Roth IRA contribution limit applies, reduced by other IRA contributions for that year.
- The beneficiary must have enough compensation to support the Roth IRA contribution.
- Amounts contributed to the 529 during the five-year period ending on the transfer date, and earnings attributable to those amounts, are not eligible.
- The normal Roth IRA income limitation does not block this special transfer.

Example A rollover takes several years

A 529 account has been open for 18 years and has \$40,000 left after college. The beneficiary has sufficient compensation and makes no other IRA contribution in 2026. The most that can move in 2026 is the annual IRA limit of \$7,500—not the full \$35,000 lifetime amount. More can move in later years if all requirements continue to be met.

Changing the 529 beneficiary, account history, state-plan procedures, and the five-year contribution rule can complicate the transfer. Ask the 529 administrator and Roth IRA custodian to confirm eligibility before requesting it.

ACCESS IN DIFFICULT SITUATIONS

New Exceptions to the Early Withdrawal Penalty

Several SECURE 2.0 provisions allow qualifying retirement distributions without the usual 10 percent additional tax. The distribution may still be included in taxable income. “Penalty-free” does not mean “tax-free,” and an employer plan may not offer every optional distribution feature.

Situation	General rule	Repayment opportunity
Emergency personal expense	Generally one distribution per calendar year, limited to the lesser of \$1,000 or the vested account balance over \$1,000, for unforeseeable or immediate financial needs.	May generally be repaid within three years. Additional distributions are restricted unless repayment or later contributions satisfy the rule.
Domestic abuse	A qualifying distribution during the one-year period after domestic abuse, generally limited to the lesser of an indexed dollar amount or 50 percent of the vested benefit.	May generally be repaid within three years.
Terminal illness	Penalty exception for a qualifying distribution supported by a physician’s certification of a condition reasonably expected to result in death within the statutory period.	Plan and rollover rules require careful review.
Federally declared disaster	Up to \$22,000 of qualifying disaster recovery distributions, with income generally spread over three years unless elected otherwise.	May generally be repaid within three years.

Retirement money is expensive emergency money because it stops compounding after it leaves the account. Use these exceptions when they solve a real problem, not simply because Congress removed one penalty.

Qualified Charitable Distributions

SECURE 2.0 began indexing the annual qualified charitable distribution limit for inflation. For 2026, an IRA owner age 70½ or older may generally direct up to \$111,000 from an eligible IRA to qualifying charities. A proper QCD is excluded from income and can count toward the owner's RMD.

The check must go directly from the IRA custodian to the charity. Donor-advised funds and most private foundations do not qualify. Keep the charity acknowledgment and tell the tax preparer; Form 1099-R may not make the QCD obvious.

One-time split-interest election

SECURE 2.0 also permits a one-time QCD election to fund certain charitable gift annuities, charitable remainder annuity trusts, or charitable remainder unitrusts. The indexed limit and technical requirements are separate from an ordinary check-to-charity QCD. This is an attorney-and-advisor transaction, not a do-it-yourself transfer.

Example Giving without increasing adjusted gross income

Rita, age 76, has a \$24,000 RMD and normally gives \$10,000 to charity. She directs \$10,000 from her IRA custodian to a qualifying charity and withdraws the remaining \$14,000. The \$10,000 QCD counts toward the RMD but is not included in income. She does not also claim an itemized charitable deduction for that same \$10,000.

BENEFICIARIES

Inherited Retirement Accounts Need a Calendar

The ten-year rule is often summarized as “empty the account by year ten.” That is incomplete. For deaths in 2020 or later, many non-spouse designated beneficiaries must empty the account by December 31 of the tenth year after death. Whether annual distributions are also required in years one through nine can depend on whether the owner died before or after the required beginning date.

Owner's status at death	Common result for a noneligible designated beneficiary
Died before the required beginning date	The account generally must be empty by the end of year ten, but annual RMDs are generally not required during years one through nine.
Died on or after the required beginning date	Annual beneficiary RMDs generally continue in years one through nine, and the account must still be empty by the end of year ten.

A surviving spouse, a minor child of the account owner, a disabled or chronically ill beneficiary, and a beneficiary not more than ten years younger may qualify as an eligible designated beneficiary and follow different rules. Trusts, estates, charities, inherited Roth IRAs, and multiple beneficiaries also need separate analysis.

Planning tip

Do not wait until year ten by accident. A planned series of withdrawals may manage tax brackets better than one large final distribution. Review inherited accounts each fall and document the owner's date of death, required beginning date, beneficiary category, prior withdrawals, and year-ten deadline.

SMALL BUSINESS OWNERS

Starting and Improving an Employer Retirement Plan

SECURE 2.0 expanded incentives for eligible small employers. The available credits depend on the employer's size, prior plan history, eligible employees, startup costs, contributions, and the exact plan adopted.

Opportunity	General federal benefit
Startup-cost credit	Eligible employers may receive up to \$5,000 per year for three years for qualifying costs of starting a SEP, SIMPLE IRA, or qualified plan. For employers with 50 or fewer employees, the percentage can be 100 percent of qualifying costs, subject to the statutory limit.
Employer-contribution credit	For eligible plans, a separate credit can apply to qualifying employer contributions, up to \$1,000 per employee. The percentage is 100 percent in years one and two, then 75, 50, and 25 percent in years three through five, with reductions for employers over 50 employees and exclusions for higher-paid employees.
Automatic enrollment	Most new 401(k) and 403(b) plans established after December 29, 2022, generally must use automatic enrollment beginning with the 2025 plan year. Exceptions include certain very small or new businesses and governmental or church plans.
Student-loan matching	A plan may treat qualifying student-loan payments as if they were elective deferrals for employer-matching purposes.
Roth employer contributions	A plan may allow fully vested matching or nonelective employer contributions to be treated as Roth contributions. The employee generally recognizes income when allocated.

A tax credit can make a plan more affordable, but plan selection should start with payroll, employee demographics, desired contributions, administrative capacity, and long-term goals. The cheapest plan to open is not always the easiest plan to live with.

The Saver's Match Begins in 2027

Beginning in 2027, the federal Saver's Match replaces the current Saver's Credit. Eligible individuals who contribute to an IRA or workplace plan may receive a federal matching contribution deposited into an eligible retirement account. The maximum match is generally \$1,000, based on 50 percent of up to \$2,000 of qualifying contributions, with income-based phaseouts and other eligibility rules.

This is different from today's nonrefundable tax credit. The match is intended to go into retirement savings rather than merely reduce the current tax bill. Financial institutions, employers, payroll systems, and taxpayers will need new procedures.

What to do during 2026

- ☐ Continue or begin eligible retirement contributions if cash flow allows.
- ☐ Keep contribution records and verify that account information is current.
- ☐ Watch for plan and IRA provider instructions about accepting the match.
- ☐ Review income eligibility during 2027 tax preparation rather than assuming the match will happen automatically.

The best retirement incentive is the one a client actually uses. A small regular contribution can matter more than a complicated strategy that never leaves the notepad.

CLIENT ACTION PLAN

Your SECURE 2.0 Checklist

- ☐ Confirm your RMD starting age and first distribution deadline.
- ☐ If you inherited an IRA, identify the owner's date of death, whether the owner had begun RMDs, your beneficiary category, and the year-ten deadline.
- ☐ Review 2026 salary-deferral elections and catch-up rules before year-end payroll becomes difficult to change.
- ☐ If prior-year wages exceeded \$150,000, ask whether 2026 catch-up contributions will be handled as Roth.
- ☐ At ages 60 through 63, verify that the plan supports the higher catch-up limit.
- ☐ Before a 529-to-Roth transfer, confirm the 15-year history, five-year contribution exclusion, earned compensation, annual limit, and direct-transfer procedure.
- ☐ If charitable and age 70½ or older, consider whether a QCD fits your giving and RMD plan.
- ☐ Before taking an emergency distribution, estimate the income tax and the retirement growth being surrendered.
- ☐ Business owners should calculate plan credits before choosing or changing a retirement plan.
- ☐ Update beneficiaries after marriage, divorce, death, births, or major trust changes.

Documents to bring to a planning meeting

- Most recent retirement and IRA statements.
- Employer plan summary and contribution election.
- Prior-year W-2, especially Social Security wages in box 3.
- Inherited-account paperwork and the original owner's date of death.
- 529 statements showing account opening date and recent contributions.
- Charitable-giving list and expected RMD.
- Small-business payroll count, compensation, and existing plan documents.

QUESTIONS CLIENTS ASK

Frequently Asked Questions

Did SECURE 2.0 eliminate RMDs

No. It delayed the starting age for many owners and removed lifetime RMDs from designated Roth employer accounts, but traditional accounts and inherited accounts still have distribution rules.

Can everyone age 60 through 63 contribute the larger catch-up

Only if the person is eligible, the plan permits catch-up contributions, and the applicable limit is not reduced by another rule.

Does the Roth catch-up rule make my entire 401(k) contribution Roth

No. The rule generally applies to the catch-up portion. The regular deferral can still follow the choices available under the plan.

Can I roll an unused 529 directly into my own Roth IRA

Only if you are the 529 beneficiary and all requirements are met. The transfer is not available simply because you own the 529 account.

Is a penalty-free emergency withdrawal tax-free

Usually no. The 10 percent additional tax may be waived, but ordinary income tax can still apply.

Does every inherited IRA wait until year ten

No. Some beneficiaries must take annual distributions before the year-ten deadline, and eligible designated beneficiaries may have different options.

Will my employer automatically match student-loan payments

Not necessarily. The provision is optional, and the employer's plan must adopt it.

Is every SECURE 2.0 provision mandatory

No. Some rules are mandatory, some have exceptions, and many are optional plan features.

The Law Changed in Chapters

SECURE 2.0 is a good example of why tax planning is a calendar project. One client may care about a 2026 Roth catch-up, another about a 2024 529 transfer, and another about a 2027 Saver's Match. They are all reading the same law, but they are not living the same chapter.

My advice is to start with the decision in front of you. Are you choosing a contribution? Taking an RMD? Inheriting an IRA? Opening a plan for employees? Once we know the decision and the year, the rules become much less mysterious.

And please do not assume the retirement-plan website has solved every tax question. Websites are excellent at showing balances. They are less talented at knowing your family history, tax bracket, charitable plans, and what you meant to do ten years from now.

Professional Use Note

This guide is for general educational purposes and is not legal, investment, or tax advice for a particular person, plan, beneficiary, or transaction. Retirement rules are highly fact-specific, employer plans may not adopt optional provisions, and indexed amounts change. Confirm current limits and obtain professional advice before making a contribution, distribution, rollover, beneficiary election, or plan change.

REFERENCES

Authoritative Sources

- [IRS retirement plan contribution limits for 2026](#)
- [IRS catch-up contribution guidance](#)
- [IRS required minimum distribution guidance](#)
- [IRS retirement beneficiary guidance](#)
- [IRS Publication 590-B Distributions from Individual Retirement Arrangements](#)
- [IRS Topic 313 Qualified Tuition Programs](#)
- [IRS Notice 2024-55 Emergency personal expense and domestic abuse distributions](#)
- [IRS retirement plan startup-cost tax credit](#)
- [IRS Instructions for Form 8881](#)
- [IRS Saver's Match guidance](#)
- [IRS Notice 2025-67 2026 retirement amounts](#)
- [SECURE 2.0 Act Division T of Public Law 117-328](#)