

July 19, 2022

The EARN Act Could Mean Important Changes to Current Retirement Plan Laws

Last month, it was reported that the U.S. Senate Finance Committee voted to advance the Enhancing American Retirement Now Act (the “EARN Act” – they always come up with the best acronyms...). The Act proposes several changes to key retirement plan laws affecting current and future retirees everywhere.

Some of the important changes being proposed are:

- Raise the Required Minimum Distribution (RMD) age from 72 to 75.
- Increase catch-up provisions for workers between ages 60 and 63
- Allow employers to match student loan payments with retirement plan contributions
- Allow workers to take retirement plan distributions to pay for long-term care insurance

I think the first and last points are the most significant to the majority of individuals. Many people find themselves in a position where they don't want to take their RMDs when the time comes, but they don't have adequate long-term care insurance in place. Allowing retirees to take plan distributions on a pre-tax basis to cover long-term care insurance would mean a huge net savings on the cost of those plans.

Since the bill is only through committee and yet to be voted on in the Senate or the House, it still has a long way to go. So far, there seems to be momentum and support from both parties, so it's possible this could be through both houses of congress and signed this year. But that may be an ambitious timeline, given other legislative priorities in the current cycle. Either way, we'll keep an eye on it and keep you in the loop if and when those next steps are completed.

Other changes were proposed in the bill more on the employer level (you can read more here www.investmentnews.com/another-senate-committee-unanimously-passes-retirement-savings-legislation-223127 or www.plansponsor.com/earn-act-clears-senate-finance-committee/).



Sincerely,

Forrest Millheim, CLTC®

Wealth Solutions Advisor

P: (801) 833-2889

E: forrest@forrestmillheim.com

369 East 900 South, Suite 112
Salt Lake City, UT 84111
Ins. Lic# 431539



Your Planning Partner with Purpose



Sincerely,

Forrest Millheim, CLTC®

Wealth Solutions Advisor

P: (801) 833-2889

E: forrest@forrestmillheim.com

369 East 900 South, Suite 112

Salt Lake City, UT 84111

Ins. Lic# 431539

LifetimeWealthSolutions.com