Banking Compliance

SECURE Act FAQs

What products does Wolters Kluwer offer that support the changes with the SECURE Act?

Does Wolters Kluwer have training for the SECURE Act?
Yes. We have an On-Demand Training Webinar (Video) on the SECURE Act available for purchase. You can purchase it through your Account Manager or at www.wolterskluwerfs.com/SECUREAct.

Are all my IRA forms out of compliance because of the SECURE Act?
For the most part, the current forms can continue to be used. For example, institutions can continue to use the establishment documents to establish an IRA. The institution can then send an amendment, once those are available. Similarly, institutions can continue to use rollover and transfer forms as those forms have either no, or minimal, impacts due to the SECURE Act. There are some documents that institutions should be careful about using. For example, the Report of Required Minimum Distribution forms should not be sent to someone who attains age 70 1/2 in 2020 because the form would be providing misinformation (telling the person he/she has an RMD due April 1, 2021). Similarly, institutions may not be able to use an election of payment by beneficiary form for the beneficiary of someone who died in 2020 unless, for example, the beneficiary is a spouse who is electing to treat as own. On the other hand, those forms can continue to be used by the beneficiaries of someone who died in 2019. We encourage institutions to send us questions on any specific forms that they have concerns about.

What IRA forms are impacted by the SECURE Act?
There are approximately 140 forms impacted by the SECURE Act changes. We will list some, but not all, of the impacted forms here as there are just too many forms to list separately. Where we do not list the forms, we will instead provide general categories of forms that are affected. If you have a question on whether a specific form is impacted, we encourage you to send your question to us using the form at www.wolterskluwerfs.com/SECUREAct or contact your Account Manager.

General forms impacted:
- Establishment documents for traditional, Roth, and SIMPLE IRAs are all impacted. This includes all our organizers, booklets and amendment for those IRA types.
- Educational brochures – Impacted educational brochures include the: IRA-26, IRA-30-BRO, IRA-32, IRA-BEN-BRO, IRA-BRO-COMP, IRA-BRO-CONV, IRA-BRO-ROTH, IRAQ2IRABRO, SEP-26, and SR-92. While there are other changes impacting our educational brochures, the two main change drivers to our are the changes to the age 70 ½ RMD requirement and the need to update the list of exceptions to the 10% early-distribution penalty.
- New educational brochure – We have a new consumer-facing educational brochure (the SECUREACTBRO) that provides a comprehensive overview of the changes resulting from the SECURE Act.
- Miscellaneous support documents – General categories of impacted forms include our request for transfer forms, our IRA distribution forms, our contribution instructions, our waiver of IRA minimum distribution forms, our age 70 ½ calculation worksheets, our age 70 ½ election forms, our IRA election of payment by beneficiary forms, our IRA recharacterization notices, and our report of required minimum distribution forms.
When will your IRA content be updated with changes from the SECURE Act?

We do not have an exact date as to when our IRA form content will be updated. Please be aware, there are several complicating factors that create logistical challenges for updating some of our IRA form content. Most important of these factors is that our IRA establishment documents (organizers, booklets, and amendments) all include model content from the IRS (the IRA 5305 form series). As a result of the SECURE Act changes, the 5305s will need to be updated, and therefore it is our strong preference is to wait to make updates to those forms until we have updated 5305s. That said, if the IRS does not provide an update model 5305s by September, we will move forward with our normal fall COLA updates making as many other changes as possible at the same time. So, the timing of the establishment document updates is, to a large degree, dependent on the IRS.

Aside from the establishment documents, we have generally prioritized our updates to the other impacted documents as follows: 1) we will update educational brochures immediately so that you will have information you can share with your IRA owners; and 2) we will fast-follow the brochure updates with updates to miscellaneous support documents. The miscellaneous support documents will be updated based on the nature of the change to the document, with the most significantly impacted forms being prioritized higher.

Do I have to send an IRA Amendment because of the SECURE Act changes?

Wolters Kluwer's position is that we will not label the sending of an amendment as mandatory unless the IRS expressly states that sending an amendment is mandatory. That said, given the nature of the changes coming out of the SECURE Act, we will at a minimum be strongly recommending you send an amendment to your existing IRA owners. The critical issue is the timing of sending that amendment as we prefer not to recommend sending amendments until those amendments are updated to include new IRS 5305 content. In the meantime, we recommend you use current content to open new IRAs and then send an amendment once updated amendments are available.

Are the amendments from last fall (with revision dates of 11/1/2019) still in compliance and, if so, should we still send them to our customers if we haven’t done so yet?

Each institution has to make its own call on whether or not to send that amendment. We generally think it is a good idea because 1) it represents the same terms being used to open new IRA contracts so all your IRA owners will be level-set, and 2) it sets your institution up to send SECURE Act amendments once those are available. The 11/1/2019 amendments do not amend for any of the SECURE Act changes and in particular, the 2020 beneficiary election options are not explained. But there is time as beneficiaries do not need to take RMDs until December 31 of the year following the year of death. Sending an updated amendment, once available, will close that gap. For additional information regarding this question, please contact SupportLine or your Account Manager.

Is the IRA Library and IRA E-Book impacted by the SECURE Act?

Yes. Our team is currently reviewing the impacts that the SECURE Act has on the IRA Library and IRA E-Book. Any product revisions will be communicated in the near future.

When will we have additional information or guidance from the IRS?

We do not know when the IRS will update rules or provide updated model forms. We are hopeful that it will be in the first half of 2020. However, we do not have any insight, or control over the timing.

When will Wolters Kluwer’s existing IRA On-Demand Video Training sessions be updated with changes from the SECURE Act?

Wolters Kluwer’s existing IRA On-Demand Video Training programs are relevant to rules applicable through 2019. These programs will be updated and reposted after April 15, 2020 to reflect current year rules, contribution limits, reporting, examples, and changes as a result of the SECURE Act.
I have a death of an IRA owner in 2020. Can I use the current beneficiary election forms, or should I wait for updated forms?

It may be possible to use the current form if, for example, the beneficiary is a spouse that wants to treat the IRA as his or her own IRA. Otherwise, if possible, we generally recommend waiting to document the election until you have an updated form as beneficiaries will generally have until December 31 of the year following the year of death year to begin taking RMDs. Similarly, know that an election form is not technically a required form, it is a best practice form. Thus, if having the beneficiary wait to make an election is not possible, you may be able to record the beneficiary’s election later (once you have an updated form). Note that one of the tricky compliance issues with these beneficiary election rule changes is that beneficiaries of IRA owners who died in 2019 still must comply with the old rules, so there will be a transition period where both the new and the old options need to be available.

My customer attains age 70½ on January 5, 2020. Under the new rules, what age are they required to begin taking Required Minimum Distributions (RMD)?

As the customer was not 70½ prior to the end of 2019, they are subject to the new rule and are not required to begin taking distributions until the year they attain age 72. As the customer attains age 72 on July 5, 2021, they must take her 2021 RMD by April 1, 2022 (i.e., their RBD). Additionally, they must take their 2022 RMD by December 31, 2022, their 2023 RMD by December 31, 2023, etc.

Are there potential issues if our financial organization sent RMD statements to IRA owners who attain age 70½ in 2020?

If RMD statements were sent before a financial institution was not able to identify and purge from its RMD Statement recipient list those IRA owners who attain age 70½ in 2020, there is time to make a correction. On January 24, 2020 the IRS issued Notice 2020-6 which provides reporting relief in these situations. To obtain the relief, the financial organization needs to notify affected IRA owners by April 15, 2020 indicating an RMD is not required.