

## SECURE Act 2.0 Update

New legislation affecting retirement and retirement planning was included as part of the fiscal year 2022 spending agreement that was passed by Congress and signed into law on **December 29, 2022**.

The new law has immediate implications and will require financial professionals to update their planning strategies, advice and training. Key provisions affecting annuities include changes to the rules governing the qualifying age and tax considerations for Required Minimum Distributions, or RMDs. Here's an overview.

### Changes affecting RMD age

As you know, individuals must begin taking RMDs from tax-qualified retirement savings plans, including annuities, when they reach a certain age. Previously, federal law set the beginning age for those born after July 1, 1949, to age 72. SECURE Act 2.0, however, has increased this age to 73 for individuals who reach age 72 after 2022. **The change was effective January 1, 2023.**

Under the new law, people who were not yet 72 by January 1, 2023, won't have to take a distribution until they reach age 73. However, those who turned 72 by the end of 2022 will still need to take RMDs for 2022 and their first distribution must be taken by April 1, 2023.

### Changes affecting RMD excise tax

Previously, the excise tax was 50%. The SECURE Act 2.0 has reduced the excise tax to 25% with the option of reducing to 10% if the following thresholds are met ...

- A distribution is received during the correction window in the amount of the missed RMD
- The distribution is from the same plan type from which the RMD was missed
- A return, reflecting the correction, is submitted during the correction period

The last day of the correction window is the earliest of ...

- The date the deficiency notice reflecting the excise tax was mailed
- The actual date the excise tax was assessed
- The last day of the second full taxable year after the excise tax was imposed

### What is Athene doing?

An important feature of Athene annuities is that RMDs are considered part of the annual free withdrawal. This means clients can take their RMD without incurring withdrawal charges or any Market Value Adjustment for that contract year.

- Because SECURE Act 2.0 was signed into law in late 2022, we were unable to update our fair market value letters reflecting the new required beginning age by the January 31 deadline. A customer turning 72 in 2023 may receive a fair market letter indicating an RMD is required, but based upon the recent updates, an RMD may not be required.
- Customers may also see an RMD calculation for 2023 when they login to their My Athene account but may not be required to take the RMD depending on their age at the end of 2022. We've posted an alert banner notifying them of this possibility.
- We've prioritized revising our marketing materials to assure that we're providing you and your clients with accurate, up-to-date information on Athene annuities and the rules governing RMDs.

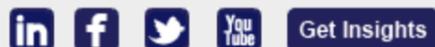
### We're here to help

The SECURE Act 2.0 changes the retirement landscape in significant ways. At Athene, we're dedicated to providing you with the information you need to advise your clients and grow your business. We'll keep you informed of any developments as the law goes into effect.

**Thank you for your business.** At Athene, we're driven to outperform so your clients can retire confidently. For product and sales support, please contact the best Sales Desk in the business at **888-ANNUITY (266-8489)**.

Required Minimum Distribution as defined by Internal Revenue Code Section 401(a)(9).

Any information regarding taxation contained herein is based on our understanding of current tax law, which is subject to change and differing interpretations. This information should not be relied on as tax or legal advice and cannot be used by any taxpayer for the purposes of avoiding penalties under the Internal Revenue Code. We recommend that taxpayers consult with their professional tax and legal advisors for applicability to their personal circumstances.



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