RETIREMENT IN SIGHT

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

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QUOTE OF THE MONTH

"The possible's slow fuse is lit by the imagination."

EMILY DICKINSON

IF THE SECURE ACT 2.0 BECOMES LAW, WHAT CHANGES?

When the Setting Every Community Up for Retirement Enhancement (SECURE) Act became law on January 1, 2020, it altered rules for retirement accounts with a goal of helping both retirees and pre-retirees. More rule changes might be ahead, because a legislative sequel, known popularly as SECURE Act 2.0, is now proceeding through Congress.

The SECURE Act 2.0 would give retirement savers aged 62-64 the chance to make much larger "catch-up" contributions to common workplace retirement plans, starting in 2023. During those three years, they could make their standard yearly catch-up contribution, plus an additional yearly catch-up contribution of up to $10,000. Businesses that sponsor such defined-contribution plans would have to automatically enroll eligible employees at a base 3% contribution rate, which would rise 1% a year to a ceiling of 15% unless workers choose to fund their accounts differently. Some retirement accounts have required minimum distributions (RMDs) starting at age 72; the SECURE Act 2.0 would gradually reset that RMD threshold to age 75 during 2022-2032, potentially allowing more compounding for retirement accounts. In addition, the menu of investments in retirement plans could potentially include income contracts, and plans sponsored by non-profits could become more like the ones sponsored by for-profit businesses.[1]

AT THE POINT OF SALE, THERE IS LESS AND LESS CONTACT

Does paying with cash seem passe to you? How about swiping or inserting a credit or debit card? PYMNTS, which analyzes U.S. commerce trends, reports that contactless point-of-sale transactions have doubled since 2020.

The top reason behind this trend turns out not to be pandemic-related: it is simply convenience. Ease of use was the number one reason that all five age demographics PYMNTS surveyed (defined as seniors, baby boomers, and Gens X, Y, and Z) preferred contactless payment over paper money and other forms of digital payments. For seniors and baby boomers, the second most-cited reason was the widespread acceptance of the technology at points of sale. Speed was the second most-cited reason among Gen Xers. Among the reasons to pay this way, none of the age groups ranked fraud protection higher than fifth. PYMNTS found that two main reasons deter people from contactless payments – either they are simply at a location where the technology that facilitates these payments is unavailable, or they are at a point of sale without a contactless chip reader.[2]

ON THE *BRIGHT SIDE*

Earlier this year, Gallup asked both retirees and pre-retirees about their views of retirement. A solid majority (80%) of retirees polled said they had enough money to live comfortably, a pleasant contrast to just 53% of pre-retirees who held that expectation.[3]

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CITATIONS.
1 - Yahoo! Finance, October 21, 2021
2 - PYMNTS.com, September 1, 2021
3 - Gallup, May 18, 2021