

Newsletter For Mature Adults



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SECURE 2.0 Act of 2022 Changes RMD Requirements, Increases Catch-up Contributions

The early part of a new year is good a time to review finances and make investment decisions.

This year, it's particularly important, given that the passage of the SECURE 2.0 Act of 2022 in December 2022 has altered the landscape for your retirement savings.

For one, you can sock away more money in retirement accounts and leave it in such accounts longer.

Changes to catch-up contributions and RMD changes are two key provisions of the SECURE 2.0 Act that may influence your long-term retirement planning.

Catch-up Contributions

Those over 50 can now put more away for retirement by contributing an extra \$7,500 per year into 401(k) accounts. In 2025, that amount will increase to \$10,000 each year, indexed for inflation, for those aged 60 to 63 who are contributing to a workplace plan.

In addition, starting in 2024, for those making more than \$145,000 per year, catch-up contributions will have to be made on a Roth (after-tax) basis.

Required Minimum Distributions

The SECURE 2.0 Act raises the age for required minimum distributions (RMDs) to 73 starting this year, which allows you to delay taking money out of defined contribution accounts like 401(k)s and 403(b)s. That gives your retirement nest egg a couple more years to grow.

In 2033, you'll be able to delay taking RMDs until age 75, and this year, the 50% penalty for not taking your RMD drops to 25%.

In addition, starting in 2024, the law eliminates the requirement that you take RMDs from Roth 401(k) accounts.

The SECURE 2.0 Act also includes a slew of other important changes designed to enhance people's future retirement, including mandatory auto-enrollment in company-sponsored retirement plans, allowing part-time employees to participate in retirement savings programs, easing restrictions on emergency and hardship withdrawals from

retirement accounts, and the establishment of a searchable database to help people locate lost retirement plans.

Given that each person's financial and tax situations are unique, it's best to sit down with your financial planner and tax advisor to determine how the SECURE 2.0 Act affects you and how best to take advantage of its provisions.

To learn more about the SECURE 2.0 Act of 2022, see:

- Investopedia (<https://bit.ly/3HtlRuF>)
- Kiplinger (<https://bit.ly/3YePNkR>)
- **National Tax-Deferred Savings Association** (<https://bit.ly/3RndlSi>)
- Senate Finance Committee (<https://bit.ly/3wNpc2E>)
- TIAA (<https://go.tiaa.org/40mu8sY>)

Houzz Kitchen Renovation Study: 92% of Respondents Incorporate Sustainability Features

You're among those who capitalized on low mortgage rates in recent years and have decided to stay in your home and make upgrades rather than selling.

If your plans include a kitchen renovation, the 2023 U.S. Houzz Kitchen Trends Study offers insight into what's trending and features that may be waning.

One top takeaway is the popularity of sustainable features. In fact, most homeowners (92%) incorporated sustainable features during a kitchen renovation, and for 74% of Houzz respondents, the choice is driven by cost-effectiveness. Other reasons for opting for sustainable items were environmental friendliness (54%) and health considerations (13%).

Top sustainability features included:

- LED bulbs (65%)
- Energy-efficient appliances (61%)
- Water-efficient fixtures (34%)
- Energy-efficient windows (27%).

Houzz also found that homeowners are spending more on their kitchens, with the median for minor remodels increasing by \$4,000 (\$14,000 versus \$10,000 the previous year) year-over-year for all kitchen sizes.

For a major remodel of a kitchen of less than 250 square feet, homeowners reported spending \$37,000 in mid-2022, up from the \$35,000 spent in mid-2021. For large kitchen remodels (more than 250 square feet) the \$50,000 price tag didn't change from 2021 to 2022.

People's taste in cabinet doors is shifting. Most renovators (77%) opt for solid wood cabinets, and though Shaker-style doors are still the most popular, the percentage of renovators choosing them dropped by 3 points. Twenty percent went with flat-panel doors.

High-tech features are increasingly attractive, and home renovators are choosing things like Wi-Fi-enabled appliances (25%) and ones that a tablet or smartphone can control (24%), as well as docking stations, wireless speakers, and stereo systems.

After a renovation, the kitchen serves as more than a place for cooking. It becomes the hub of some homes, and people use the space for eating (71%), baking (69%), entertaining (57%), socializing (46%), and working (23%).

Review Houzz's complete findings at <https://bit.ly/3JypEtg>.

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