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Thoughts On Senator Kennedy's Two Retirement Bills

Introduced on June 7 by U.S. Senator **John Kennedy** (R-Louisiana), the pair of bills are designed to encourage more Americans to save for their retirement, and maintain greater control over those savings.

The *Keeping Your Retirement Act* would raise the required minimum distributions (RMD) age from 72 to 75 for certain retirement accounts. According to a statement from Kennedy's office, "Currently, individuals who are at least 72 years old must make such withdrawals from their retirement accounts. These premature withdrawals can unnecessarily shrink people's hard-earned savings."

Not only would the change address the higher average life expectancies we have seen (pre-pandemic), but RMDs increase the taxable income of senior citizens who are still working — with the possible effect of putting those seniors into higher income tax brackets and thus increasing their tax liability.

The Keeping Your Retirement Act would give seniors more time for their retirement savings to grow before mandating annual withdrawals that could deplete their savings and increase their tax liability.

In its present form, the bill would apply to distributions required to be made after December 31, 2021, with respect to individuals who attain age 72 after that date.

The *Increasing Retirement Amount Act* would allow individuals who do not have access to a workplace retirement plan to save more of their money for retirement by increasing their individual retirement account (IRA) contribution limit to \$12,000 per year. The legislation would increase the IRA contribution limit to \$15,000 per year for individuals who are at least 50 years old and who do not have a workplace retirement plan.

Currently, Americans under 50 cannot contribute more than \$6,000 per year to their IRAs, whether or not their employers

offer a retirement plan. Contributions to traditional IRAs are tax-deductible. According to Kennedy's office, in 2017, 50 percent of IRA owners who contributed to their traditional IRAs made the maximum contribution. As of March 2020, 29 percent of American workers did not have access to a retirement plan through their employers.

The bills introduced by Senator Kennedy are the latest in an increasing number of retirement-related proposals from lawmakers. Legislation designed to enhance retirement security for Americans continues to garner bipartisan support, which is ultimately a very good thing for retirement savers.

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