

**Important Update: Due to the CARES Act, the requirement to take RMDs in 2020 is waived.**

**Important Notice**  
**SECURE Act and its Impact to**  
**T. Rowe Price Workplace Retirement Accounts**

The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), signed into law in December of 2019, includes a package of changes to the laws governing workplace retirement plans and Individual Retirement Accounts (IRAs). Please review some of the changes in the law, relating to workplace retirement plans, that are highlighted below.

Please note that if you have adopted the T. Rowe Price Individual 401(k) Profit Sharing Plan Basic Plan Document, any applicable plan amendments will be sent to you in a separate mailing. Plan sponsors using any other type of plan including, but not limited to, individually designed plans or plans through a prototype plan sponsor other than T. Rowe Price, should review your plan document carefully and consult with your own counsel and document provider with regard to any amendment that may be required.

**Increase in age for Required Minimum Distributions (“RMD”s) for certain individuals**

One of the significant changes in the law increases the age individuals are required to start taking RMDs from workplace retirement plans. Specifically, the required beginning date for RMDs has changed from April 1 of the calendar year following the calendar year in which an individual reaches age 70½ to April 1 of the calendar year following the calendar year in which an individual reaches the later of age 72 or retires. However, if the account owner is a 5% owner of the business sponsoring the retirement plan, the RMDs must begin once the account holder is age 72 (70½ if you reach 70½ before January 1, 2020), regardless of whether he or she is retired. This change only applies to individuals who reach age 70½ after 2019. The RMD age for individuals who reached age 70½ before 2020 remains 70½.

**The ability for certain beneficiaries to stretch distributions has been limited**

New rules apply to beneficiary distributions, significantly limit the ability of beneficiaries (other than “Eligible Designated Beneficiaries”) to “stretch” distributions throughout their lifetime(s). With respect to deaths after 2019, the rules generally require that benefits be distributed in full within 10 years (delayed effective dates apply to governmental and collectively bargained plans). An Eligible Designated Beneficiary, which includes a surviving spouse, a child of the participant under the age of majority, a disabled or chronically ill beneficiary, and a beneficiary who is not more than ten years younger than the participant, has the option of taking distributions (which must begin in the year after death) based on his or her life expectancy. For beneficiaries who are minor children of the participant, the 10-year period to fully distribute the account starts when they reach the age of majority.

Similar to the distinctions based on age relating to the applicability of the later age (72) for beginning RMDs, there will be challenges in distinguishing beneficiaries who are subject to the limitations on stretch distributions and the exceptions for Eligible Designated Beneficiaries. Even though the changes generally apply to deaths after 2019, and distributions do not need to begin earlier than 2021.

A number of questions have been raised regarding the application of these complex rules in addition to other specific scenarios, such as to trusts with multiple beneficiaries. T. Rowe Price does not provide tax or legal advice. Please speak with your tax and/or legal professional regarding questions you have regarding these rules and your particular situation.

### **Penalty-free birth or adoption withdrawals**

“Qualified birth or adoption distributions” are an option for retirement plans for distributions made after December 31, 2019. Such distributions are exempt from the 10% early distribution penalty and exempt from the mandatory 20% withholding and 402(f) notice requirements. Distributions must be taken within one year of birth or adoption and are limited to \$5,000 per birth or adoption (per spouse). The adoption of anyone over 18 (other than an individual physically or mentally incapable of self-support) or the adoption of a spouse’s child does not qualify. Distributions can be repaid to the plan from which the withdrawal was taken or to an IRA without regard to the 60-day limit for rollovers.

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