

AGE OF MAJORITY AND THE NEW SECURE ACT REGULATIONS

Wednesday, March 02, 2022

By Andy Ives, CFP®, AIF®

IRA Analyst

Follow Us on Twitter: [@theslottreport](https://twitter.com/theslottreport)

The 275 pages of proposed SECURE Act regulations, released by the IRS on February 23, are chock full of little details. Each of these tidbits will have some impact on particular IRA owners and retirement account participants.

One such new rule pertains to the age of majority. When is a minor child recognized as an adult? Existing IRS guidance deferred to the age of majority under state law. This created some confusion as most states said age 18, a couple said 19, and Mississippi said 21. Why is this important? The age of majority dovetails with the opportunity a minor beneficiary has to stretch inherited IRA account assets.

The new regulations draw a universal line in the sand. The age of majority is now recognized as 21.

The minor child of an IRA account owner is considered an eligible designated beneficiary (EDB). As an EDB, that minor child is allowed to use her own single life expectancy to calculate an annual required minimum distribution (RMD). This will allow the child to stretch IRA payments until she is 21. At that time, the 10-year payout rule will apply, and the now-adult child will have another 10 years to maintain the inherited IRA. (Future Slott Report entries will discuss the new guidelines governing the 10-year rule.)

Example: Meredith dies at age 48. She had an IRA, and her only daughter Sally, age 10, was listed as the beneficiary. Sally is an EDB, so she is permitted to stretch IRA payments over her own life expectancy. (When RMDs start in the year after death, when Sally is 11, she will use the single life expectancy factor of 73.9.) Sally can take

annual RMD payments until she is 21. At that point, the 10-year rule will apply. Sally must then empty the account by December 31 of the tenth year following the year she turns 21.

Additionally, the new SECURE Act regulations changed a provision which allowed minor children who were still in school to extend the age of majority to as late as age 26. This is no longer an option and, as such, should minimize confusion. The “still-in-school” language is no more. The age of majority, as recognized by the SECURE Act regulations, is fixed at 21.

Stay tuned for more summaries of the SECURE Act regulations in the coming days and weeks. There is lot to dig through in those 275 pages, and we will do our best to bring you the pertinent highlights...and lowlights.

Copyright © 2022, Ed Slott and Company, LLC Reprinted from The Slott Report, March 2, 2022, with permission. [<https://www.ira-help.com/slottreport/age-majority-and-new-secure-act-regulations>] Ed Slott and Company, LLC takes no responsibility for the current accuracy of this article.