IR News Releases (RIA)

News Release

News Release 2020-162, 07/17/2020, IRC Sec(s).

Headnote:

Reference(s):

Full Text:

IRS: Seniors, retirees not required to take distributions from retirement accounts this year under new law

The Internal Revenue Service today reminds seniors and retirees that they are not required to take money out of their IRAs and workplace retirement plans this year.

The Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, waives required minimum distributions during 2020 for IRAs and retirement plans, including beneficiaries with inherited accounts. This waiver includes RMDs for individuals who turned age 70 ½ in 2019 and took their first RMD in 2020. Roth IRAs do not require withdrawals until after the death of the owner.

What if I already took my Rmd?

If an individual has already taken an RMD in 2020, including someone who turned 70 ½ during 2019, the individual will have the option of returning the distribution to their account or other qualified plan.

Since the RMD rule is suspended, RMDs taken in 2020 are considered eligible for rollover. Therefore, RMDs can be rolled over to another IRA, another qualified retirement plan, or returned to the original plan.

An IRA owner or beneficiary who has already received an RMD in 2020 can also repay the distribution to the distributing IRA no later than Aug. 31, 2020, to avoid paying taxes on that distribution.

IRS Notice 2020-51 also provides that the one rollover per 12-month period limitation and the

restriction on rollovers to inherited IRAs do not apply to this repayment.

The CARES Act provisions apply to most retirement plans, including traditional IRAs, SEP IRAs, SIMPLE IRAs, 401(k) plans, 403(b) plans, 457(b) plans, profit sharing plans and other defined contribution plans. The RMD suspension does not apply to qualified defined benefit plans.

Where can I find more information?

More information on the CARES Act and retirement plans, including FAQs, can be found on at Coronavirus-related relief for retirement plans and IRAs questions and answers.