

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

suspended the rules for RMDs in 2020, including accounts of non-spouse beneficiaries. Therefore, if you had not arranged to take an RMD this year, you can just let the ...

Jun. 24, 2020



The IRS has just issued new guidance regarding required minimum distributions (RMDs) received before the Coronavirus Aid, Relief and Economic Security (CARES) Act liberalized the rules (Notice 2020-51, 6/23/20). Good news: The latest pronouncement grants even more flexibility to RMD recipients. Virtually everyone wins!

Normally, individuals who are older than age 72 (70½ prior to 2020) must begin taking annual RMDs from qualified retirement plans, like 401(k) and 403(b) plans,

and IRAs. The RMD amounts are based on your account balance at the end of the

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

year, you can just let the money sit where it is.

Things are a little trickier for those who had already received RMDs earlier in the year. Initially, the IRS issued Notice 2020-23 giving many RMD recipients a way out. It allowed those who had received an RMD between February 1 and May 15 to roll over the RMD into a plan or IRA by July 15 without owing any tax. The usual 60-day rule for rollovers was waived.

But there were a few other obstacles. For one thing, this didn't help taxpayers who had received RMDs in January. For another, it didn't address a tax rule limiting rollovers to IRAs to one a year for each taxpayer. And, finally, the rollover option for July 15 didn't apply to non-spouse beneficiaries who had inherited IRAs.

Now IRS Notice 2020-51 opens the floodgates. Specifically, the new Notice allows tax-free rollovers for RMDs received in January, waives the one-a-year limit for IRAs and opens up rollovers to non-spouse IRA beneficiaries. All you have to do is complete the rollover by August 31—no questions asked by the IRS.

For many retirees who don't need the money, this is a slam-dunk: They can repay their accounts and benefit from more tax-deferred compounding. But other taxpayers may choose to keep the money if they are strapped for cash during the pandemic. In any event, reach out to clients who may need your professional assistance in this area.

Payroll

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us