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certain required minimum distributions.

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By Kelley R. Taylor, Kiplinger Consumer News Service (TNS)

The IRS is again offering taxpayers relief from confusing rules for certain required minimum distributions (RMDs). Here's what you need to know about the latest change involving RMDs for inherited IRAs.

IRS delays IRA withdrawal rules

Over the past few years, legislation has changed retirement plan rules.

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Those, and other, changes caused confusion for many, including certain account holders and inherited IRA beneficiaries, over when RMDs had to be taken. So, last year, the IRS waived penalties for failing to take RMDs for certain IRAs inherited in 2020 and 2021.

Note: Previously, RMD penalties were 50% of the amount that should have been withdrawn. But due to SECURE 2.0, the penalty for missing RMDs or failing to take the appropriate amount is 25% and can be as low as 10%.

Fast-forward to now. Late last week, the [IRS announced](#) a delay of final rules governing inherited IRA RMDs—to 2024. The agency also extended the 60-day rollover of certain plan distributions to Sept. 30, 2023.

What does this latest rule delay mean? Some beneficiaries of inherited IRAs have more time to adapt to distribution requirements. The IRS will waive penalties for RMDs missed in 2023 from IRAs inherited in 2022 where the deceased owner was already subject to RMDs. (Taken with the previous relief, penalties are waived for missed RMDs from specific IRAs inherited in 2020, 2021, and 2022.)

The IRS 60-day relief offers more time to roll over distributions from earlier this year that were mischaracterized as RMDs. (If you were born in 1951 and received or will receive a distribution this year before July 31, 2023, you have an extension to roll those distributions over.)

Inherited IRA rules

[Rules for inherited IRAs](#) continue to be complex and already vary based on factors including account type, the original account owner (including their age and date of passing), and beneficiary (e.g., designated vs non-designated, age, non-spouse, etc.).

Even so, inherited IRAs can offer benefits such as tax-free earnings and growth.

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