
2 0 2 0

RETIREMENT CHANGES

Relief for retirement accounts

Deadlines for the following have been extended to July 15, 2020:

- Tax return filing date (IRS Notice 2020-18)
- IRA and Roth IRA contributions for 2019
- HSA contributions
- Archer Medical Savings Accounts contributions
- Coverdell Education Savings Account contributions

CARES Act Relief

RMDs Waived for 2020

- 2019 RMDs due by April 1, 2020 (if delayed to January 1, 2020 or later)
- 2020 RMDs from company plans and IRAs
- 2020 RMDs for plan, IRA and Roth IRA beneficiaries

RMDs taken this year can be undone if they are eligible to be rolled over.

To be eligible:

- Must be within 60 days.
- There must not have been an IRA-to-IRA or Roth IRA-to-Roth IRA rollover in the 12 months preceding receipt of the 2020 RMD.

*Planning option: If the distribution is still within the 60 days, but there was an IRA-to-IRA rollover within the preceding 12 months, then a Roth conversion is possible.
(Roth conversions don't count for the once-per-year rule.)*

- Non-spouse beneficiaries cannot undo RMDs already taken.

Voluntary distribution options: RMDs are "minimums" only

- Roth conversions
- QCDs (qualified charitable distributions)
The QCD age is still 70 ½, even though the SECURE Act raised the RMD age to 72.

Coronavirus-Related Distributions (CRDs)

CRDs are any distributions from a company plan or IRA made anytime during 2020 to affected individuals.

Who are affected individuals?

- Those diagnosed with the virus.
- Those whose spouse or dependents are diagnosed.
- Those who experience adverse financial consequences as a result of:
 - ✓ Being quarantined,
 - ✓ Being furloughed or laid off, or having work hours reduced due to the virus,
 - ✓ Being unable to work due to lack of childcare,
 - ✓ Closing or reducing hours of a business owned or operated by the individual due to the virus, or
 - ✓ "Other factors" to be determined by the Secretary of the Treasury

Retirement relief available:

- The 10% penalty is waived on up to \$100,000 of 2020 distributions from IRAs and company plans (aggregated) for coronavirus-related distributions.
- The tax would be due, but could be spread evenly over three years, and the funds could be repaid over the three-year period.
- Affected individuals who over age 59 ½ (not subject to the 10% penalty) can still take advantage of the three-year income tax deferral and payback.

Plan loan relief

- For affected individuals, the maximum amount of plan loans is increased to the lesser of \$100,000 (reduced by other outstanding loans) or 100% of the account balance. [Normally, the lesser of \$50,000 (reduced by other loans) or 50% of the account balance.]
- This relief applies to loans taken by September 23, 2020.
- Any loan repayments normally due between March 27, 2020 and December 31, 2020 could be suspended for one year.
- Loans are not allowed from IRAs.

AMERICA'S IRA EXPERTS

100 Merrick Road, Suite 200E, Rockville Centre, New York 11570

800-663-1340 toll-free • 516-536-8282 telephone

516-536-8852 fax • info@irahelp.com

© 2020 Ed Slott and Company, LLC

For More IRA Expertise

website: irahelp.com

blog: irahelp.com/slottreport

twitter: @theslottreport

facebook: /AmericasIRAExperts