



## **Waiver of 2020 Required Minimum Distributions**

The recent declines in the market, triggered by the COVID-19 pandemic, have heavily impacted IRAs and defined contribution plan accounts. As a result, a participant could be required to take a disproportionately high required minimum distribution (“RMD”) for 2020. Luckily, the Coronavirus Aid Relief and Economic Security Act (“CARES Act”) provides for a waiver of the 2020 required minimum distribution rules for IRAs and certain retirement plans. Under Section 2203 of the CARES Act, all required minimum distribution rules will be waived for calendar year 2020 for tax-qualified defined contribution plans including profit sharing plans, money purchase pension plans, 401(k) plans, 403(a) plans, 403(b) plans, government sponsored 457(b) plans, and IRAs. The Act does not apply to defined benefit plans. This waiver applies to individuals who attained age 70 ½ before January 1, 2020, certain death beneficiaries, as well as those who attained age 70 ½ in 2019 but had not yet received their 2019 RMD.

A participant can still elect to take a distribution. Amounts that would have been RMDs will not be considered eligible rollover distributions. Thus, plan administrators would not have to provide special tax notices to the participant, unless the participant elects a distribution of more than what would have otherwise been an RMD.

When determining RMDs after 2020, the required beginning date will not take the 2020 waiver into account. Additionally, determination of the five-year distribution period that applies to certain beneficiaries will be done without regard to the 2020 calendar year.

Importantly, the temporary waiver of the 2020 required minimum distribution rules does not affect or implicate the delayed age RMD requirement, or the effective date, of the Setting Every Community Up for Retirement Enhancement (“SECURE”) Act of 2019.

**This article is presented for informational purposes and does not constitute legal advice. If you would like to discuss the waiver of 2020 RMDs, our attorneys at Loomis, Ewert, Parsley, Davis & Gotting are happy to help. Please contact J.V. Anderton at [jfanderton@loomislaw.com](mailto:jfanderton@loomislaw.com) or call us at 517-482-2400.**