

## Deadline to Rollover 2020 Required Mandatory Distributions Is Quickly Approaching

By Barbara E. Bel, Partner and Laura Rodriguez, Senior Associate

Not only has the Corona Aid, Relief, and Economic Security (CARES) Act passed last March injected trillions of dollars into the economy via the Paycheck Protection Program and the economic stimulus payments, it has also made an important, and very beneficial, change to the required mandatory distribution (RMD) law in 2020 for IRAs and defined contribution plans. In June, IRS Notice 2020-51 clarified some open issues.

### New 2020 Rules

Under the CARES Act, any IRA owner who would normally be required to take an RMD in 2020, may choose to skip taking their RMD this year.

What happens to an individual who already took their RMD in 2020?

If an individual had already taken an RMD, the CARES Act reclassified those distributions as voluntary distributions, which typically can be rolled over within 60 days of distribution. The IRS notice extends the 60-day deadline to rollover or repay 2020 RMDs to **August 31, 2020** and makes this relief available to all 2020 RMDs, including those taken as early as **January 1, 2020**.

In addition to expanding the ability to rollover or repay 2020 RMDs, the IRS issued the following guidance in relation the CARES Act and changes to the IRA rules for 2020:

- The RMD waiver does not change an individual's RMD required beginning date.
- The 2020 RMD waiver applies to RMDs that would normally be treated as part of a series of substantially equal periodic payments.
- The 2020 RMD waiver applies to beneficiaries of inherited IRAs.
- A 2020 RMD is also waived for those individuals who turned 70½ in 2019 and whose first RMD was April 1, 2020.
- The "one rollover per 12 months" restriction on IRAs has been waived to allow 2020 RMDs to be rolled over even if there was prior rollover in the last 12 months.

### Contact Us

As always, for further assistance and guidance on how this change may impact your particular situation, please reach out to your PKFOD engagement team members or Barbara E. Bel, CPA, Partner at [bbel@pkfod.com](mailto:bbel@pkfod.com).

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