

Relief for RMDs That Were Waived Under the CARES Act

Cross References

- IR-2020-127, June 23, 2020
- Notice 2020-51

The Internal Revenue Service has announced that anyone who already took a required minimum distribution (RMD) in 2020 from certain retirement accounts now has the opportunity to roll those funds back into a retirement account following the CARES Act RMD waiver for 2020.

The 60-day rollover period for any RMDs already taken this year has been extended to August 31, 2020, to give taxpayers time to take advantage of this opportunity.

The IRS described this change in Notice 2020-51. The Notice also answers questions regarding the waiver of RMDs for 2020 under the Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act.

The CARES Act enabled any taxpayer with an RMD due in 2020 from a defined-contribution retirement plan, including a 401(k) or 403(b) plan, or an IRA, to skip those RMDs this year. This includes anyone who turned age 70½ in 2019 and would have had to take the first RMD by April 1, 2020. This waiver does not apply to defined-benefit plans.

In addition to the rollover opportunity, an IRA owner or beneficiary who has already received a distribution from an IRA of an amount that would have been an RMD in 2020 can repay the distribution to the IRA by August 31, 2020. The notice provides that this repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs.

The notice provides two sample amendments that employers may adopt to give plan participants and beneficiaries whose RMDs are waived a choice as to whether or not to receive the waived RMD.