



A professional corporation · Certified Public Accountants

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The IRS announced that taxpayers who already took a required minimum distribution (RMD) in 2020 from certain retirement accounts now have the opportunity to roll those funds back into a retirement account by August 31, 2020. The IRS has provided guidance on rollover opportunities, answers to frequently asked questions, and sample plan amendments for plan administrators following the Coronavirus Aid, Relief, and Economic Security (CARES) Act RMD waiver for 2020.

RMD rules. The CARES Act waives all RMDs for 2020, regardless of whether the taxpayer has been impacted by the pandemic. The required minimum distribution (RMD) rules prevent taxpayers from extending the tax benefit for retirement savings indefinitely. In general, a minimum required distribution must be made for the later of the year in which the participant turns 70 1/2 (or 72, if they have not reached 70 1/2 before 2020) or retires, and for every year thereafter. The required beginning date cannot be delayed until retirement if the participant is a five-percent owner of the employer, or if the account is an IRA. The distribution for the first year can be made as late as April 1 of the following year. For other years, the required distribution must be made during the calendar year.

Transition guidance. The IRS provided guidance on these items:

1. *Rollover guidance.* The IRS is providing relief to allow taxpayers who receive certain distributions to roll them into an eligible retirement plan. This applies to distributions received in 2020 and in 2021 for employees with a required beginning date of April 1, 2021.
2. *Permitted repayments of distributions previously received.* An IRA owner or beneficiary who has already received distributions from an IRA of an amount that would have been an RMD in 2020, the participant can repay the distribution to the IRA by August 31, 2020. This repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs.

If you would like more information on the rollover and repayments of RMDs in 2020, please call our office. We are here to assist you.

Very truly yours,

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