

April 20, 2020

Waiving the 2020 Required Minimum Distribution *COVID-19 Stimulus Bill*

As you may know, holders of traditional individual retirement accounts (IRAs) and 401(k) accounts are required to withdraw a percentage of their account balances each year once they reach age 72 (formerly 70½).

The coronavirus (COVID-19) stimulus package, known as the CARES Act, suspended required minimum distributions (RMDs) for 2020. Given that the financial markets have declined and been very volatile, suspending RMDs gives you the ability to leave your investment portfolio alone.

- All RMDs for retirement accounts have been suspended for 2020, including IRAs, 401(k)s, Roth 401(k)s, and inherited accounts.
- If you are subject to RMDs, the waiver applies to you regardless of age.
- Beneficiaries of inherited IRAs can skip the distribution this year only.
- If you have already taken your RMD, you have 60 days to roll it over to an IRA or another qualified plan, provided you have not made any other indirect rollovers within the past year. Also consider a Roth conversion.
- Inherited IRA distributions are not eligible for a rollover.
- For distributions taken more than 60 days ago in 2020, those distributions could potentially be re-contributed into the IRA over the next three years if you can show that the money was withdrawn to cover a COVID-19-related hardship.

Also, the deadline for making contributions to IRAs for 2019 has been extended to July 15th. If eligible, you can contribute up to \$6,000 to IRAs for 2019 if you are under age 50, or \$7,000 if you are 50 or older. The contribution limits are the same in 2020.

Please contact us if you would like to discuss this further or have any questions about your portfolio and individual situation. You should also consult with a CPA or tax professional who is familiar with your particular tax situation.

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