



Employee Benefits Alert: August 31 Deadline for RMD Rollovers

August 27, 2020

The SECURE Act increased the age at which Required Minimum Distributions (RMDs) must be made from 70-1/2 to 72. The CARES Act waived RMDs for 2020 (including initial RMDs that would have normally been required by April 1, 2021 for an individual who attains age 72 during 2020) from defined contributions plans, including a 401(k) plan, and IRAs. Not all plan recordkeepers and IRA owners had time to react to these new laws, and as a consequence, some distributions were made to satisfy the RMD rules that did not have to be made. In order to allow taxpayers to take full advantage of the new laws, the IRS announced it would allow these "unnecessary" RMDs from a defined contribution plan to be rolled into an eligible retirement plan (like a 401(k) plan) that accepts rollovers or to an IRA, and it would allow these unnecessary RMDs from an IRA to be repaid to the IRA that made the distribution.

These distributions must normally be rolled over or paid back to the distributing IRA within 60 days of the distribution. However, the IRS also announced that the rollover or repayment will be timely notwithstanding the 60-day rule provided the rollover or repayment is made no later than August 31, 2020. This means that if you qualify for the relief under this rule, you have until at least August 31 to roll the distribution into an eligible retirement plan or IRA. Meanwhile, if you received an unnecessary RMD from an IRA during 2020, you have until at least August 31 to repay the distribution to the distributing IRA.

This is to remind you that that August 31 deadline is approaching, and that we're here to help if you have any questions about this or any other employee benefit issues. Contact John Nichols, Greg Kuhn, Virginia Schubert, or your regular Lathrop GPM contact.