

Golden Bullets

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MINIMUM DISTRIBUTION RULES: THINGS TO CONSIDER NOW

Now that the Presidential election results have been sorted out, there is a great deal of speculation about what the Biden administration and the new Congress might do to change the retirement rules. There is proposed legislation circulating in Washington that is informally referred to as SECURE Act 2.0. Among other changes, it would raise the age at which RMDs must begin from a qualified account from the newly current age 72 to age 75.

The bill's passage is hardly guaranteed, but it does indicate that there is significant federal government talk about changing required minimum distribution (RMD) rules for the *fifth time* in less than two years.

What other RMD changes have happened in the recent past? Here's a list:

1. On November 8, 2019, the **IRS published proposed regulations** updating its life expectancy and required minimum distribution (RMD) tables. The proposed rules were scheduled to go into effect beginning on January 1, 2021. The updated tables would have had the effect of changing
 - a. So-called Section 72(t) distributions designed to avoid the extra pre-59 ½ tax
 - b. RMDs for qualified account owners
 - c. RMDs for inherited qualified account beneficiaries
2. A month after the proposed regulations were published, Congress and the President joined together to make the SECURE Act law. The **SECURE Act changed the way stretch rules worked for inherited qualified accounts, beginning with calendar year 2020, and also raised the age at which RMDs must begin.**
3. Then the pandemic hit. The federal government scrambled to enact the **CARES Act** on March 27, 2020. As part of the plan to help folks deal with the coronavirus, the legislation **suspended minimum distribution requirements** for qualified accounts—including inherited ones—for the entire year.

4. Also, Finally, in November of this year, the **IRS finalized the RMD regulations** it originally proposed in late 2019. The final regulations made significant changes to the first version.

How might these changes affect you?

- If you are scheduled for an **automatic IRA or qualified plan distribution in December** that has been motivated by pre-2020 RMD rules, it makes sense to re-consider.
- If you took a qualified plan distribution recently and do not need the money, perhaps you should **consider a rollover**.
- Even if you are not required to take a 2020 distribution, it may make sense to take one anyway—or to **direct some of your IRA money toward a year-end charitable gift**.
- If you've recently inherited money from an IRA or qualified account, you may have to liquidate the funds—and pay taxes—more quickly than you might have done in the past.
- In 2022 and beyond, new rules may allow you to take **smaller minimum distributions**.

Are you taking minimum distributions from your own account? Have you inherited money from someone else's IRA? Are you confused about your obligation to take minimum distributions? We would be glad to answer your questions.

AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL SECURITY ISSUES OF CONCERN.

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