

Golden Bullets

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THE IRS COMMENTS ON THE CARES ACT:

THINGS TO CONSIDER

The CARES Act became law in March of this year. **Seems longer, doesn't it?** The CARES Act included a wide variety of provisions aimed to jump-start the U.S. economy during and after the business-slows side effects of the coronavirus.

The Act provided special relief to those

- who were **diagnosed** with COVID-19,
- whose spouse or dependent were diagnosed with COVID-19,
or
- who **experienced adverse financial consequences** as a result of
 - being quarantined,
 - being furloughed,
 - being laid off,
 - having work hours reduced,
 - being unable to work due to lack of childcare due to COVID-19,
 - closing or reducing hours of a business owned or operated by the individual due to COVID-19 or
 - other factors as determined by the Treasury Secretary.

Those affected are **potentially eligible for tax-favored distributions of up to \$100,000** from an employer plan or IRA.

The Act also **waived the minimum distribution requirement for qualified plans** in 2020.

In June, the IRS issued Notices 2020-50 and 2020-51, which answered some of the questions raised by the CARES Act.

In **Notice 2020-50**, the Service added categories of taxpayers who were eligible for the special COVID-19 distributions from qualified plans:

- Those who had their pay or self-employment income reduced due to COVID-19.
- Those who had a job offer rescinded or start date for a job delayed due to COVID-19.
- Those whose **spouse or other person in the household has been adversely affected by the virus.**

In **IRS Notice 2020-51**, the IRS

- **Extended the rollover deadline** for those who previously took amount thought to be minimum distributions from qualified account until **August 31, 2020.**
- Created a **special indirect rollover** possibility for beneficiaries of **inherited qualified accounts** to replace amounts previously thought to be minimum distributions until the same **August 31** date.

Unfortunately, the Service also left several questions about COVID-19 distributions and rollover of 2020 RMD distributions unanswered. If any of the information is important to you, please check with us for the latest information.

Have you or a household member been affected by COVID-19? Did you take a minimum distribution from a plan early in the year, and are now interested in putting it back? Are you confused about how these rules might affect you? We would be glad to talk things over with you.

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

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