

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March of this year, waived required minimum distributions (RMDs) for 2020. The Act enables taxpayers who are subject to taking RMDs in 2020 from their defined-contribution retirement plans, including 401(k) and 403(b) plans, or an IRA, to skip those distributions this year. This includes anyone who turned age 70 ½ in 2019 and would have had to take their first RMD by April 1, 2020.

Should you suspend your RMD in 2020? If you're not sure if you should suspend your RMDs, or reverse distributions that you've already taken in 2020, consider whether you have other resources you can use to meet your income needs for the balance of the year, such as emergency savings or other cash reserves. Remember, you want to make sure that each month, regardless of whether the markets go up or down, you have enough income to take care of your essential expenses, including food, shelter, clothing, transportation, and healthcare.

If you don't need to take your RMD in 2020, that could provide certain benefits. Waiving your RMD may:

- Allow your retirement plan assets more time to grow tax deferred and recover from recent stock market volatility.
- Reduce the amount of your income that is subject to taxes in 2020.

Keep in mind, if you still want to take a retirement plan distribution this year, you can. The waiver doesn't prevent you from doing so. If you have questions about your income needs in retirement, please contact the office at 937-294-9000 to schedule time to talk.

Will you owe taxes on your stimulus payment? If you're among the more than 159 million Americans who received a stimulus check under the CARES Act in 2020, you may be wondering if the money counts as taxable income. The simple answer is "no." That's because the Economic Impact Payments, also known as stimulus checks, that the Internal Revenue Service (IRS) began rolling out to eligible taxpayers in April, are technically tax credits for 2020.

According to the IRS:¹

- The payments are not income and taxpayers will not owe tax on them.
- They will not reduce a taxpayer's refund or increase the amount they owe when they file their 2020 tax return next year.
- Payments will not affect income for purposes of determining eligibility for federal government assistance or benefit programs, such as Social Security, Medicare, and Medicaid.

What if you didn't receive a check? The IRS determines your eligibility and stimulus check amount based on your 2018 or 2019 federal income tax return. To check the status of your Economic Impact Payment, use the IRS online application, [Get My Payment](#).

Keep in mind, if you didn't receive a stimulus check and you are owed one, you can still get the money when you file your taxes next year. Additionally, if your stimulus check was less than you were owed, you may receive the additional amount(s) owed, by way of an increased refund, when filing your 2020 tax return.

However, if you don't want to wait until you file your 2020 tax return, you can contact the [Taxpayer Advocate Service \(TAS\)](#), an independent organization within the IRS that works directly on the behalf of taxpayers to resolve inquiries. Effective August 10, 2020, TAS was authorized by the IRS to assist taxpayers with issues and inquiries related to Economic Impact Payments.

1 <https://www.aarp.org/money/taxes/info-2020/are-stimulus-checks-taxed.html>

This communication is designed to provide accurate and authoritative information on the subjects covered. It is not, however, intended to provide specific legal, tax, or other professional advice. For specific professional assistance, the services of an appropriate professional should be sought.

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