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# 2020

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# RETIREMENT CHANGES

## Relief for retirement accounts

### Deadlines for the following have been extended to July 15, 2020:

- Tax return filing date (IRS Notice 2020-18)
- IRA and Roth IRA contributions for 2019
- HSA contributions
- Archer Medical Savings Accounts contributions
- Coverdell Education Savings Account contributions

## CARES Act Relief

### RMDs Waived for 2020

- 2019 RMDs due by April 1, 2020 (if delayed to January 1, 2020 or later)
- 2020 RMDs from company plans and IRAs
- 2020 RMDs for plan, IRA and Roth IRA beneficiaries

### RMDs taken this year can be undone if they are eligible to be rolled over.

#### To be eligible:

- Must be within 60 days.
- There must not have been an IRA-to-IRA or Roth IRA-to-Roth IRA rollover in the 12 months preceding receipt of the 2020 RMD.

*Planning option: If the distribution is still within the 60 days, but there was an IRA-to-IRA rollover within the preceding 12 months, then a Roth conversion is possible.  
(Roth conversions don't count for the once-per-year rule.)*

- Non-spouse beneficiaries cannot undo RMDs already taken.

### Voluntary distribution options: RMDs are "minimums" only

- Roth conversions
- QCDs (qualified charitable distributions)  
The QCD age is still 70 ½, even though the SECURE Act raised the RMD age to 72.

# Coronavirus-Related Distributions (CRDs)

CRDs are any distributions from a company plan or IRA made anytime during 2020 to affected individuals.

## Who are affected individuals?

- Those diagnosed with the virus.
- Those whose spouse or dependents are diagnosed.
- Those who experience adverse financial consequences as a result of:
  - ✓ Being quarantined,
  - ✓ Being furloughed or laid off, or having work hours reduced due to the virus,
  - ✓ Being unable to work due to lack of childcare,
  - ✓ Closing or reducing hours of a business owned or operated by the individual due to the virus, or
  - ✓ "Other factors" to be determined by the Secretary of the Treasury

## Retirement relief available:

- The 10% penalty is waived on up to \$100,000 of 2020 distributions from IRAs and company plans (aggregated) for coronavirus-related distributions.
- The tax would be due, but could be spread evenly over three years, and the funds could be repaid over the three-year period.
- Affected individuals who over age 59 ½ (not subject to the 10% penalty) can still take advantage of the three-year income tax deferral and payback.

## Plan loan relief

- For affected individuals, the maximum amount of plan loans is increased to the lesser of \$100,000 (reduced by other outstanding loans) or 100% of the account balance. [Normally, the lesser of \$50,000 (reduced by other loans) or 50% of the account balance.]
- This relief applies to loans taken by September 23, 2020.
- Any loan repayments normally due between March 27, 2020 and December 31, 2020 could be suspended for one year.
- Loans are not allowed from IRAs.

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