

Required Minimum Distribution COVID-19 Relief

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By Cindy McClannahan and Brandon Oldham

The Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act, was enacted in Spring 2020. It provided that there are no Required Minimum Distributions (RMDs) from an Individual Retirement Account (IRA) in 2020. You may have already received some RMDs from your IRAs this year before the CARES Act was passed. If you wish to keep the RMDs and pay tax on them, you may do so. If you do not want to pay income taxes on the RMDs that you have already received in 2020, a new IRS Notice extends the period of time that you have to pay them back into your IRA.

Normally, you would only have 60 days after an IRA distribution to redeposit or “roll over” the funds into a qualifying account to avoid paying income taxes. However, the IRS recently issued Notice 2020-51 which extends this 60-day period until August 31, 2020. If you have received an RMD from your IRA during 2020 and you do not wish to pay income tax on it, you may roll over the funds you received into an IRA even if the normal 60-day period has expired. If you deposit the funds back into the same IRA that made the distribution, the Notice also provides that this deposit will not count towards the normal limitation that you may only do one rollover every 12 months.

This article is general in nature and does not constitute legal advice. Readers with legal questions about required minimum distributions should contact Cindy McClannahan (cindym@sb-kc.com), Brandon Oldham (boldham@sb-kc.com) or your regular contact at Seigfreid Bingham at 816-421-4460. For more information and updates related to COVID-19, visit our [COVID-19 Resources page](#).