

Understanding the CARES Act and Related Coronavirus Relief

Required Minimum Distribution (RMD) Waiver

Here, we describe how the CARES Act waives 2020 RMDs for retirement plan participants, IRA owners, and their beneficiaries.

Eligible plan types*

Qualified plans (401(k)/profit sharing and money purchase pension plans)

457(b) plans maintained by governments

403(a) annuity

IRAs

403(b)

*The RMD waiver does not currently apply to defined benefit plans.

Rules for account owners

Applies to all

Does not delay

2020 RMDs

an account owner's required beginning date for RMDs

AND

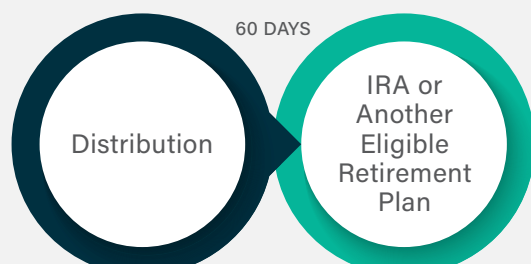
Any undistributed
2019 RMDs

for account owners who had until April 1, 2020, to remove their first RMD

Rollover treatment

An individual who takes a distribution in 2020 that is not an RMD because of the waiver will generally have until the later of **60 days** or August 31, 2020, to roll over the distribution to another eligible retirement plan or IRA.

Although these distributions may be rolled over, they are not treated by retirement plans as eligible rollover distributions for certain purposes. Employers are not required to offer a direct rollover option or provide the [notice](#) that explains rollover options.



Employers must offer

10% optional withholding instead of mandatory 20% withholding.

The IRS verified that rollovers completed by August 31, 2020, will not violate the one-per-12-month rule, which prevents IRA owners from rolling over more than one IRA distribution in a 12-month period.*

Rules for beneficiaries

The waiver also applies to life expectancy payments due in 2020. Beneficiaries (including nonspouse beneficiaries) who distributed a 2020 life expectancy payment have until the later of 60 days or August 31, 2020, to repay the distributed amount.

Example:

An account owner died on April 10, 2019. The five-year period in which the inherited assets must be distributed will end on December 31, 2025, instead of on December 31, 2024.

While spouse beneficiaries may roll over a life expectancy payment to any eligible plan, a nonspouse beneficiary may repay a life expectancy payment only to the distributing inherited IRA.**



Beneficiaries who chose the five-year payout option can ignore 2020 and add one year to the payout period.

**Future regulatory guidance may provide additional general relief.

Visit ascensus.com/news for the latest regulatory updates.

This analysis is based on currently available guidance as of October 26, 2020, and is subject to change as additional information becomes available.