



RMD Relief as Part of the CARES Act

The recently enacted CARES Act suspended required minimum distributions (RMDs) for 2020 across the board. There are still questions surrounding the details, but essentially retirement account owners that would otherwise be required to take a distribution in 2020 are allowed to skip that distribution.

The provision applies to those that are over 70 ½ as well as beneficiaries of inherited IRAs.

The CARES Act was designed to provide relief to Americans who are struggling due to the economic, emotional and physical toll of the pandemic. The goal of suspending RMDs is to give people more control over their funds and to reduce having to sell investments and create a taxable event during a time of emergency.

If you have your RMDs set to be sent to you automatically, you will need to reach out to your plan administrator or financial advisor to modify your instructions. You should also reach out to us to modify your estimated tax payments (if any) if you choose to modify your RMD in 2020.

If you have already taken some or all of your RMD for 2020 and it was less than 60 days ago, you may roll it back into your IRA thereby avoiding tax on that distribution. If your distribution was more than 60 days ago, you may still be able to return it to your qualified plan – stay tuned for details on that possibility.

This will allow many retired Americans to ride out the storm with their retirement accounts for the next year. If you do not financially need your RMD, there may be tax advantages to reducing or eliminating the amount you withdraw in 2020. We urge you to contact us to discuss your particular situation.

As always, feel free to reach out to us for more information regarding this and any other aspects of the new legislation.

Contact Us:

100 BridgePoint Dr
Suite 120
South St Paul, MN 55075

Office: 651-455-4621
FAX: 651-552-9641

www.nelsoncpasmn.com

