



**Important CARES Act 2020**  
**RMD Rollover Deadline Fast**  
**Approaching**

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# Important CARES Act 2020 RMD Rollover Deadline Fast Approaching

As you may remember from the legislative update issued in our March 31, 2020 newsletter, the Coronavirus Aid, Relief and Economic Security Act of 2020 (“CARES”) Act was signed into law on March 27, 2020 to enact certain economic relief measures during the COVID-19 pandemic. One provision of the CARES Act waived 2020 “required minimum distributions” (“RMD(s)”). However, the Internal Revenue Service (“IRS”) recently issued important additional guidance on this topic that is scheduled to expire on August 31, 2020. This article examines that guidance so that, if applicable, it can be taken advantage of before it expires.

## Waiver of 2020 Required Minimum Distributions

In general, the CARES Act waived all RMDs that might otherwise be required for all tax-qualified plans (other than defined benefit pension plans), 403(b) plans, governmental 457(b) plans and individual retirement accounts (“IRA(s)”) (collectively referred to as “Plan(s)”). This waiver applied to any RMD required to be paid during the 2020 calendar year and included 2019 RMDs that were required to be distributed by April 1, 2020 (“2020 RMD(s)”). Unfortunately, the CARES Act was silent with regard to 2020 RMDs that might have already been distributed before the 2020 RMD waiver was enacted on March 27, 2020. Thus, anyone who received their 2020 RMD before March 27, 2020 was uncertain of whether they might be able to take advantage of the CARES Act 2020 RMD waiver.

## IRS Notice 2020-51

In response to concerns associated with the operation of the CARES Act RMD waiver provisions, the IRS issued Notice 2020-51 (“Notice”). As you may know, RMDs are not eligible for rollover to another Plan. However, recipients of other types of Plan distributions generally have 60 days from their receipt to rollover such amount into another tax-deferred retirement vehicle (“60-Day Rollover Rule”). Rolling over the distributed amount can avoid current taxation of such amount.

In this regard, the Notice established that, with respect to any 2020 RMDs that were already received by a Plan participant, the 60-Day Rollover Rule shall be available and shall expire no earlier than August 31, 2020. This means that any recipient of a 2020 RMD has at least until August 31, 2020 to rollover such amount to another Plan in order to avoid current year taxation.

For example, a participant received a distribution in January 2020 which was treated as ineligible for rollover because it was considered to be an RMD at that time. As a result of the Notice, the participant now has until August 31, 2020 to rollover the amount of the RMD to another Plan in order to avoid current year taxation.



We hope that this article helped you to better understand this topic. However, please be advised that it is not intended to serve as financial, tax or legal advice so it should not be construed as such. If you have questions about this topic, we strongly urge you to further discuss it with a qualified retirement plan professional. For more information about this topic, please contact our marketing department at 484-483-1044 or your administrator at Legacy.



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