



Summit Financial, LLC

Planning Alert

Rollover Relief for Unwanted RMDs under IRS Notice 2020-51

The CARES Act which was signed into law on March 27, 2020 provided for the waiver of all required minimum distributions (RMDs) that were required to be taken in and/or for 2020. The new law also allowed for those unwanted RMDs already taken on or after February 1, 2020, to be rolled over to eligible accounts or returned to the distributing qualified plan or IRA. However, the new law failed to coordinate its provisions with several key points of existing tax law which created confusion among taxpayers. So, on June 23, 2020, the IRS released Notice 2020-51 the purpose of which is to clear up the application of the new law to RMDs.

The notice extends the deadline for rollovers of unwanted 2020 RMDs to August 31, 2020. The original deadline was July 15, 2020. So an IRA owner or beneficiary who has already received a distribution from an IRA or qualified plan of an amount that would have been an RMD in 2020 without the waiver, can repay the distribution back to the IRA or qualified plan or to another eligible account by Aug. 31, 2020.

An important provision of the notice appears to include unwanted RMDs that were distributed at any time in 2020, including distributions made in January, 2020. As mentioned above, it was previously understood that the rollover only applied to unwanted RMDs on or after February 1, 2020. In addition, the notice also provides that the repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs. This means that if more than one presumed RMD was taken in 2020, they all can be rolled back into the plan or IRA they came from. It also means that RMDs from inherited IRAs can also be rolled back.

Please contact us if you would like to discuss how you are impacted by the new CARES Act. We would be happy to discuss this notice and how it may affect you and your overall planning.

DISCLAIMER: *This material was produced by Summit Financial, LLC, 4 Campus Drive, Parsippany, NJ 07054, Phone (973) 285-3600, Fax (973) 285-3666. Investment advisory and financial planning services are offered through Summit Financial, LLC, an SEC Registered Investment Adviser ("Summit"). This material is for information and guidance purposes only and is not intended as legal or tax advice. The Summit financial planning design team which produced this material includes admitted attorneys and/or CPAs, who act exclusively in a non-representative capacity with respect to Summit's clients. Neither they nor Summit provide tax or legal advice to clients. Clients should make all decisions regarding the tax and legal implications of their investments and plans after consulting with their independent tax or legal advisors. Any tax statements contained herein were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state or local taxes.*

07092020-784