



THE CARES ACT SUSPENDS REQUIRED MINIMUM DISTRIBUTIONS FOR 2020

May 25, 2020

The Coronavirus Aid, Relief and Economic Security (CARES) Act suspended required minimum distributions (“RMDs”) for 2020 for retirement plans such as 401(k)s, 403(b)s, 457(b)s, SEP IRAs, Simple IRAs, and traditional IRAs. A RMD is the amount of money that is required to be withdrawn by the participant when the participant has reached a certain age or by the beneficiary of an inherited IRA. The suspension applies to any participant who is 72 or older in 2020 and inherited IRA beneficiaries for decedents who died prior to 2020. This means participants do not have to take any distribution from such accounts unless they need the funds. This suspension also includes those who may have delayed their first minimum required distribution from 2019 until April 1, 2020.

If a participant took a distribution and wishes to return it, he or she can return it within 60 days of the withdrawal. If a participant took a distribution between February 1, 2020 and May 15, 2020, he or she can return it before July 15, 2020 and it will not be treated as a distribution for income tax purposes. The participant must return all amounts withdrawn including the taxes withheld on the distribution. This return provision does not apply for beneficiaries of an inherited IRA.

If you have any questions, please contact your Cummings & Lockwood LLC attorney.