

Wealth Management

The COVID-19 pandemic has turned everyone's world upside down. We want you to know we are doing our best to stay on top of important information that pertains to our clients. The information below was shared from the [National Association of Plan Advisors \(NAPA\)](#); we wanted to pass the information along to our customers.

Required Minimum Distributions

When you reach age 72, you are required to take distributions from traditional IRA or 401(k) retirement accounts. These Required Minimum Distributions, (RMDs) are impacted by the recently enacted CARES Act. Following is information you need to know when taking an RMD.

What adjustments, if any, were made for RMDs in the CARES Act?

The CARES Act waives the requirement for any RMD that is required to be paid in 2020. This also includes an individual's first RMD which is attributable to 2019 (not paid by Jan 1, 2020). If an RMD has already been received during 2020, then the participant may roll it over and defer paying taxes, including rolling it back into the plan. We are expecting the IRS to extend the 60-day rollover period, but that has not yet been determined.

Why does this matter?

This answer is simple yet complicated at the same time. An RMD is calculated using the balance of an individual retirement account on Dec 31st of the year prior to the date it must be distributed to the participant.

This matters because on Dec 31st, 2019, the Dow Jones closed at 28,538. On March 27, 2020, the Dow Jones closed at 21,636.78 registering a SIGNIFICANT decrease. If an RMD was calculated based on a value on Dec 31, 2019, that could lead to a disproportionate RMD compared to today's values, forcing a disproportionately large taxable distribution.

We hope this information is helpful for those of you who have to take RMDs. More information can be found on the [IRS.gov website](#), or contact us with any questions. We are always here to help!

If you have any questions contact:

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