MRDs, The SECURE and CARES Acts and Effects on Financial Planning

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Planning Considerations

- Client's cash flow requirements
- Available options
- Tax consequences of options
  - PRESENT and FUTURE
- Distribution timing
- Consideration of beneficiaries
- When were they born and when did they die

Pre SECURE Act MRDs – Still Exist for Clients Who Died prior to 01/01/2020

When we talk here, keep in mind MRD can be at 70.5 if born pre 06/30/1949 or age 72 if born after 06/30/1949 (SECURE Act)

Polling Question #1

What do you consider your knowledge of MRDs?

A. Basic
B. Intermediate
C. Advanced

Minimum Distributions

- Participants in qualified plans, 403(b) plans, and owners of IRAs are required to take distributions from their plans.
- The date at which distributions must begin is the Required Beginning Date.
- After the required beginning date, if sufficient amounts are NOT withdrawn, a 50% excise tax will apply to any shortfall.

Minimum Distributions

- Generally, the first distribution must be made by April 1 of the year after the year you reach the appropriate age
- In subsequent years, the distribution must be made by December 31.
- The participant must determine the minimum amount required to be distributed each year.
  - The participant can always withdraw more than the required minimum distribution.

Minimum Distribution (cont)

- If the first distribution is delayed to April 1 following the year that the person reaches the appropriate age, there must be two distributions in that calendar year (the second distribution must occur before December 31).
- Participants in qualified plans and 403(b) plans can defer the required beginning date until April 1 following the year of retirement, if the participant continues to work after attaining the appropriate age
- This deferral option is:
  - NOT available for IRAs.
  - NOT available if the participant owns 5% or more of the business that sponsors the plan (aggregation and trust ownership apply).
    - Therefore, NOT available for self-employed individuals.
  - ONLY available for the employer's plan.

Aggregation Rules

- For IRAs, you can aggregate the account balances and take the MRD for all from one
- For Qualified Plans, you must calculate and take the MRD from each plan even if more than one type of plan, i.e. from each 401k if you have 3 401ks
- Minimum required distributions do NOT apply to Roth IRAs while the Roth IRA owner is alive.

Subsequent distributions applied to shortfalls

- “The first dollars distributed are deemed to be part of the minimum required distribution until the minimum required distribution has been entirely distributed.”
  - Treas. Regs. §1.402(c)(2), A-7.

Waivers of the excise tax

- Waived if the taxpayer establishes to the satisfaction of the commissioner the existence of two conditions:
  - (i) that the shortfall was due to reasonable error; and
  - (ii) reasonable steps are taken to remedy the shortfall

Minimum-distribution rules

- Provide uniform required minimum distribution rules for:
  - Qualified pension and profit-sharing plans
  - Individual Retirement Accounts
  - Deferred compensation under §457
  - §403(b) annuity contracts
  - Custodial accounts
  - Retirement income accounts

Required beginning date

- “Required beginning date” means April 1 of the calendar year following the later of
  - The calendar year in which the employee (IRA owner) attains the appropriate age, or
  - The calendar year in which the employee retires from employment with the employer maintaining the plan

Polling Question #2

What is the proper required beginning date for MRDs?

A. Age 70.5
B. April 1 following the year turning age 70.5
C. Age 72
D. April 1 following the year turning age 72
E. It depends

Computing the required minimum distributions from individual account

$$\text{RMD} = \frac{\text{FMV Account balance 12/31/xx}}{\text{Applicable distribution period}}$$

Amount to Distribute

- Take the prior year account balance (as adjusted) and divide by the applicable distribution period
  - A/c balance is increased by any contributions or forfeitures allocated after the calendar year close
  - A/c balance is decreased by distributions made in the valuation calendar year after the valuation date
    - The MRD for the first year is made in second year, i.e. by April 1 of year following year turning appropriate age
- The MRD will never exceed the entire vested balance
- Brentmark Software

Uniform Lifetime Table – Until 2021 At Least

Employee Age	Distribution Period	Employee Age	Distribution Period	Employee Age	Distribution Period
70	27.4	86	14.1	101	5.9
71	26.5	87	13.4	102	5.5
72	25.6	88	12.7	103	5.2
73	24.7	89	12.0	104	4.9
74	23.8	90	11.4	105	4.5
75	22.9	91	10.8	106	4.2
76	22.0	92	10.2	107	3.9
77	21.2	93	9.6	108	3.7
78	20.3	94	9.1	109	3.4
79	19.5	95	8.6	110	3.1
80	18.7	96	8.1	111	2.9
81	17.9	97	7.6	112	2.6
82	17.1	98	7.1	113	2.4
83	16.3	99	6.7	114	2.1
84	15.5	100	6.3	115+	1.9
85	14.8				

Over 70 ½ / 72 Alive and Spouse Not > 10 Years My Junior or Age Appropriate Non Spouse

- Current Year Maximum Age 74
- Beneficiary is spouse Age 65 or someone not more than 10 years younger (SECURE Act example but covering that coming up)
- Prior Year Balance at 12/31/xx is $2M
- MRD in current year is $2M / 23.8 MRD Factor = $84,033.61

Determining the Minimum Distribution (cont)

- The uniform distribution table is always used to calculate the minimum distribution, with one exception:
  - If the participant’s designated beneficiary is the participant’s spouse, and the spouse is more than 10 years younger than the participant then actual joint life expectancies are used to calculate the minimum distribution.
    - This will result in a longer-life expectancy and a smaller minimum distribution.

TABLE VI - 2003
"Joint and Last Survivor Table"

Age	40	41	42	43	44	45	46	47	48
65	44.3	43.4	42.5	41.6	40.7	39.9	39.0	38.2	37.4
66	44.2	43.3	42.4	41.5	40.6	39.8	38.9	38.1	37.2
67	44.2	43.3	42.3	41.4	40.6	39.7	38.8	38.0	37.1
68	44.1	43.2	42.3	41.4	40.5	39.6	38.7	37.9	37.0
69	44.1	43.1	42.2	41.3	40.4	39.5	38.6	37.8	36.9
70	44.0	43.1	42.2	41.3	40.3	39.4	38.6	37.7	36.8
71	44.0	43.0	42.1	41.2	40.3	39.4	38.5	37.6	36.7
72	43.9	43.0	42.1	41.1	40.2	39.3	38.4	37.5	36.6
73	43.9	43.0	42.0	41.1	40.2	39.3	38.4	37.5	36.6
74	43.9	42.9	42.0	41.1	40.1	39.2	38.3	37.4	36.5

TABLE VI - 2003
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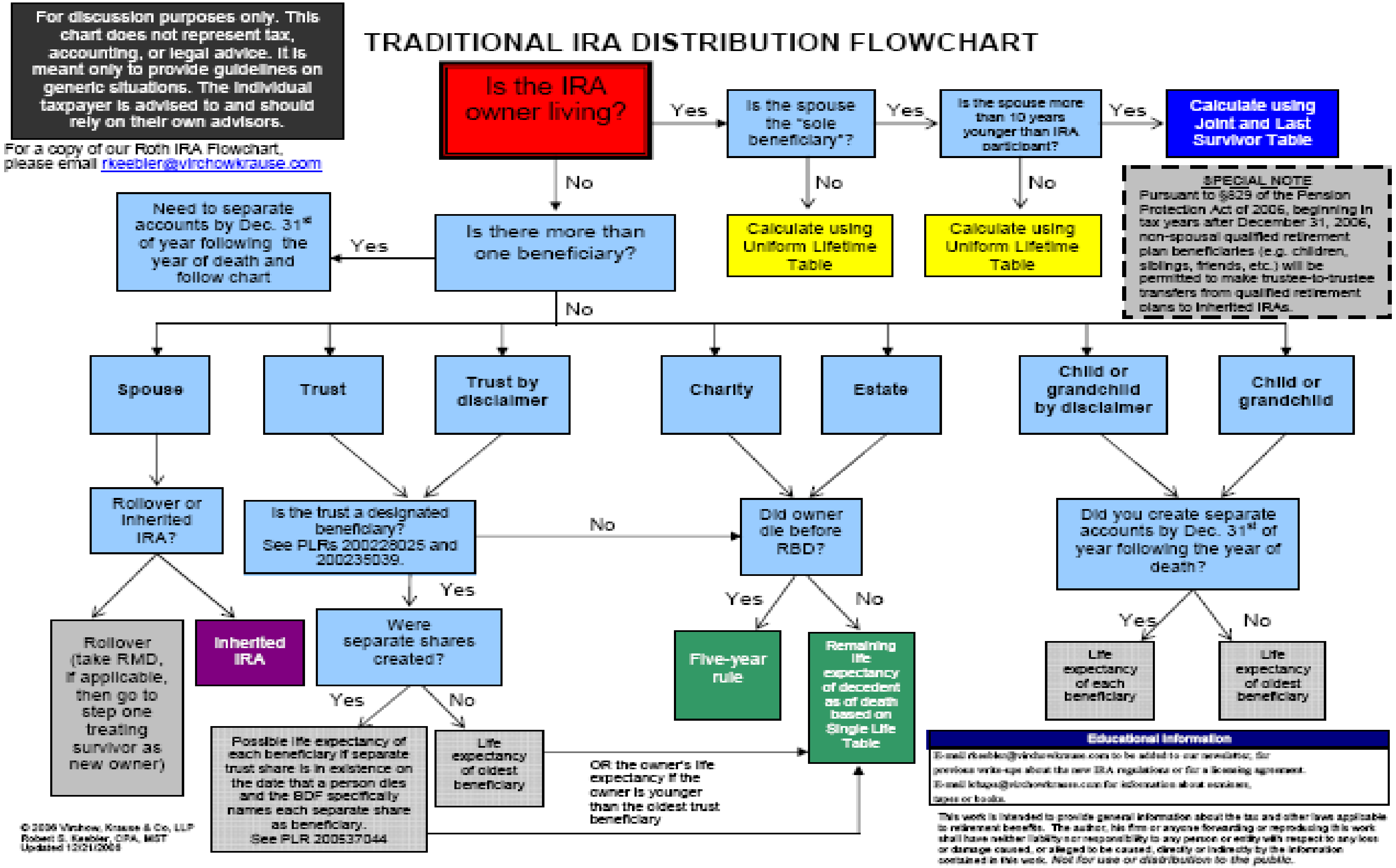
65	44.3	43.4	42.5	41.6	40.7	39.9	39.0	38.2	37.4
66	44.2	43.3	42.4	41.5	40.6	39.8	38.9	38.1	37.2
67	44.2	43.3	42.3	41.4	40.6	39.7	38.8	38.0	37.1
68	44.1	43.2	42.3	41.4	40.5	39.6	38.7	37.9	37.0
69	44.1	43.1	42.2	41.3	40.4	39.5	38.6	37.8	36.9
70	44.0	43.1	42.2	41.3	40.3	39.4	38.6	37.7	36.8
71	44.0	**43.0**	42.1	41.2	40.3	39.4	38.5	37.6	36.7
72	43.9	43.0	**42.1**	41.1	40.[illegible]	39.3	38.4	37.5	36.6
73	43.9	43.0	42.0	**41.1**	40.2	39.[illegible]	38.4	37.5	36.6

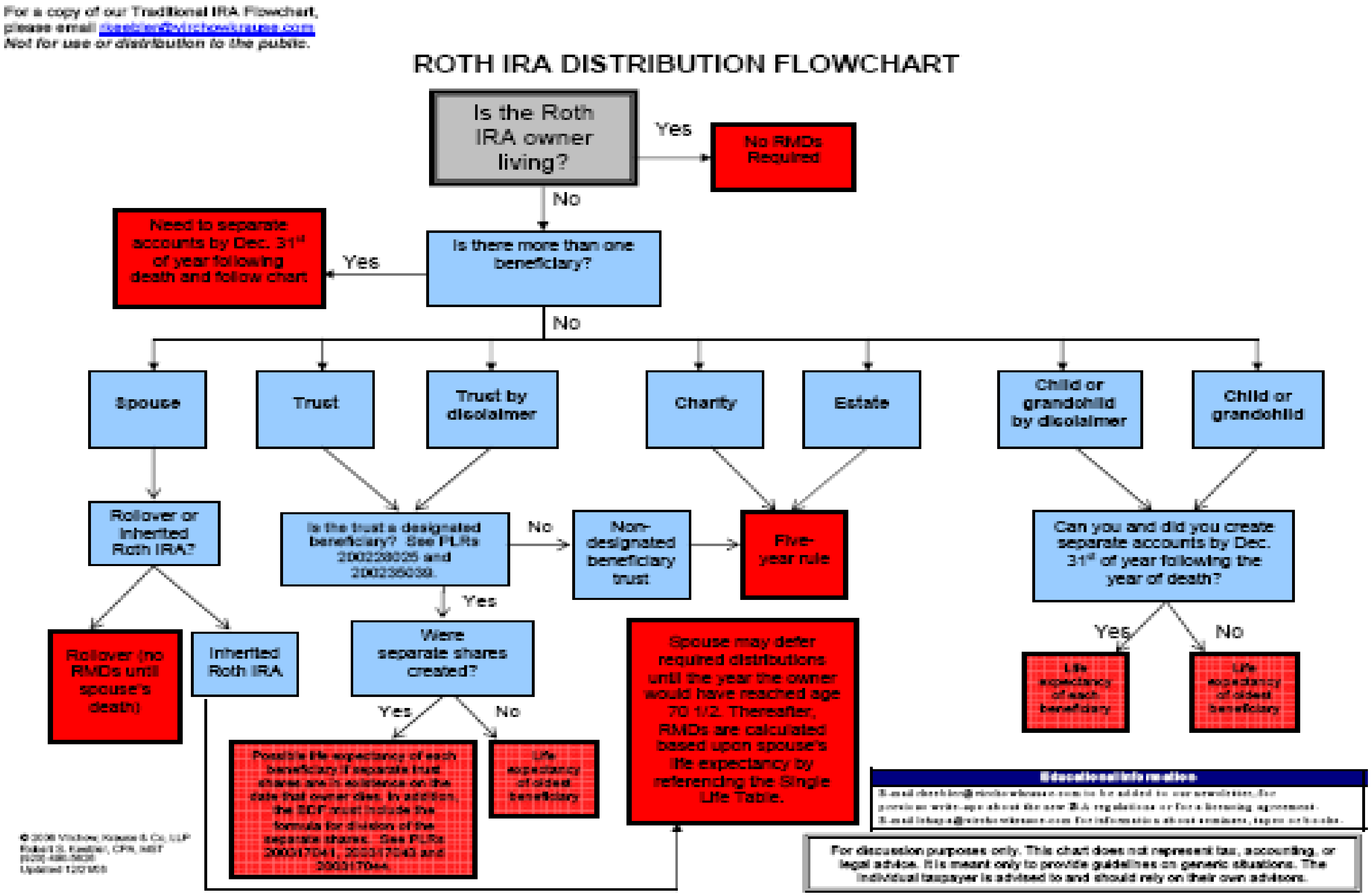
Rollovers and Transfers

- If an amount from one plan is rolled over to another plan, the amount distributed is treated as a distribution for MRD purposes
- The receiving plan is increased by the rollover but the amount to be distributed for MRD purposes does not change, i.e. the initial plan made the MRD prior to the rollover so no change in balance used in that year by receiving plan
- The rollover is reflected in the plan balance for the next year and thus effects MRD
- Ditto in reverse for the distributing plan, i.e. no change in current year b/c MRD already made prior to rollover. Change will effect next year

Traditional IRA Flow Chart



Roth IRA Flowchart



Single Life Expectancy: Inherited Beneficiary

A-2 of Treas. Reg § 1.401(a)(9)-9 Single Life Table					
Age	Multiple	Age	Multiple	Age	Multiple
0	82.4	37	46.5	74	14.1
1	81.6	38	45.6	75	13.4
2	80.6	39	44.6	76	12.7
3	79.7	40	43.6	77	12.1
4	78.7	41	42.7	78	11.4
5	77.7	42	41.7	79	10.8
6	76.7	43	40.7	80	10.2
7	75.8	44	39.8	81	9.7
8	74.8	45	38.8	82	9.1
9	73.8	46	37.9	83	8.6
10	72.8	47	37.0	84	8.1
11	71.8	48	36.0	85	7.6
12	70.8	49	35.1	86	7.1
13	69.9	50	34.2	87	6.7
14	68.9	51	33.3	88	6.3
15	67.9	52	32.3	89	5.9
16	66.9	53	31.4	90	5.5
17	66.0	54	30.5	91	5.2
18	65.0	55	29.6	92	4.9
19	64.0	56	28.7	93	4.6
20	63.0	57	27.9	94	4.3
21	62.1	58	27.0	95	4.1
22	61.1	59	26.1	96	3.8
23	60.1	60	25.2	97	3.6
24	59.1	61	24.4	98	3.4
25	58.2	62	23.5	99	3.1
26	57.2	63	22.7	100	2.9
27	56.2	64	21.8	101	2.7
28	55.3	65	21.0	102	2.5
29	54.3	66	20.2	103	2.3
30	53.3	67	19.4	104	2.1
31	52.4	68	18.6	105	1.9
32	51.4	69	17.8	106	1.7
33	50.4	70	17.0	107	1.5
34	49.4	71	16.3	108	1.4
35	48.5	72	15.5	109	1.2
36	47.5	73	14.8	110	1.1
				111	1.0

Polling Question #3

Which table does a living IRA owner use to compute his/her MRD if the spouse is not > 10 years younger?

A. Single Life Expectancy Table

B. Uniform Life Expectancy Table

C. Joint and Survivor Life Table

Death of IRA Owner Pre MRD with Non Spouse Beneficiary

- Current Year IRA Owner Dies
- Beneficiary is nephew age 23 this year and will be maximum age 24 in the year following the year of death
- Prior Year Balance at 12/31/xx is $2M
- Doesn't HAVE to take until Year 10 if owner died post 12/31/2019 under SECURE Act.
- If died pre 12/31/19, then the below is the rule:
  - First MRD occurs in year following the year of death so assuming no account growth, it is $2M / 59.1 MRD Factor = $33,840.95
  - MRD in 2nd required year is the first year MRD reduced by 1, i.e. don't go back to the table which would be 58.2 but instead use 12/31/xx FMV / 58.1

Identifying the Designated Beneficiary

- A designated beneficiary is generally the person who the owner names as beneficiary
- Document may provide a default provision designating a certain person, such as the owner’s spouse
- If no designated beneficiary exists when the owner dies, MRDs cannot be made over the beneficiary’s single life expectancy

Identifying the Designated Beneficiary

- Only individuals and certain trusts are treated as designated beneficiaries
- If charities or the estate is named - not recognized as designated beneficiaries under the MRD rules
  - MRDs must be calculated as if there were no beneficiary
- If > 1 designated beneficiary at death & the a/c has not been divided by Sept. 30th of the year following death, the oldest beneficiary is the designated beneficiary. However, if the IRA is divided by that time, MRDs are calculated using each beneficiary's life expectancy.

Identifying the Designated Beneficiary

September 30th Deadline Gives Opportunities

- *Disclaimers* - Beneficiaries can disclaim their interest & MRDs are based on whomever ends up as beneficiary. This makes the naming of contingent and successor beneficiaries
- *Cash Outs* - Distributions can be made to cash out certain beneficiaries (such as a charity) so that the remaining beneficiaries can stretch out their distributions
- *Segregated Accounts* - If multiple beneficiaries, split the account into multiple accounts with a single beneficiary for each or leave the account intact but create separate shares for each beneficiary allowing each beneficiary to take distributions using his own life expectancy

Beneficiaries must be properly designated BEFORE the owner's death. Although the beneficiary can be changed by disclaimers, distributions, etc., new beneficiaries cannot be named after the owner's death

Separate IRA Accounts

- RMD from one IRA may be distributed from Another IRA
- RMD calculated for each separate account then combined
- Only accounts where individual is owner may be aggregated
- Accounts for a beneficiary of same decedent may be aggregated
- Can NOT aggregate owner accounts and beneficiary accounts

SECURE Act

'DEATH' OF THE STRETCH

- New rules only apply to Designated Beneficiaries
  - No direct change to rules for Non-Designated Beneficiaries
- General rule is a new 10-Year Rule
  - Similar to 5-Year Rule for NDBs when death occurs prior to RBD
  - All funds must be distributed by the end of the 10th year after death
  - No RMDs during years 1-9

‘Death’ of the Stretch

- Applies to IRAs and *most plans* for deaths occurring on or after January 1, 2020

- 3 exceptions:
  - Governmental plans, for deaths occurring on or after January 1, 2022
  - Plans maintained per a Collective Bargaining Agreement, for deaths occurring on or after January 1, 2022 (unless CBA ends sooner)
  - Annuitized annuities (life/joint life expectancy) and annuities in which a future lifetime income option has already been irrevocably selected

'DEATH' OF THE STRETCH

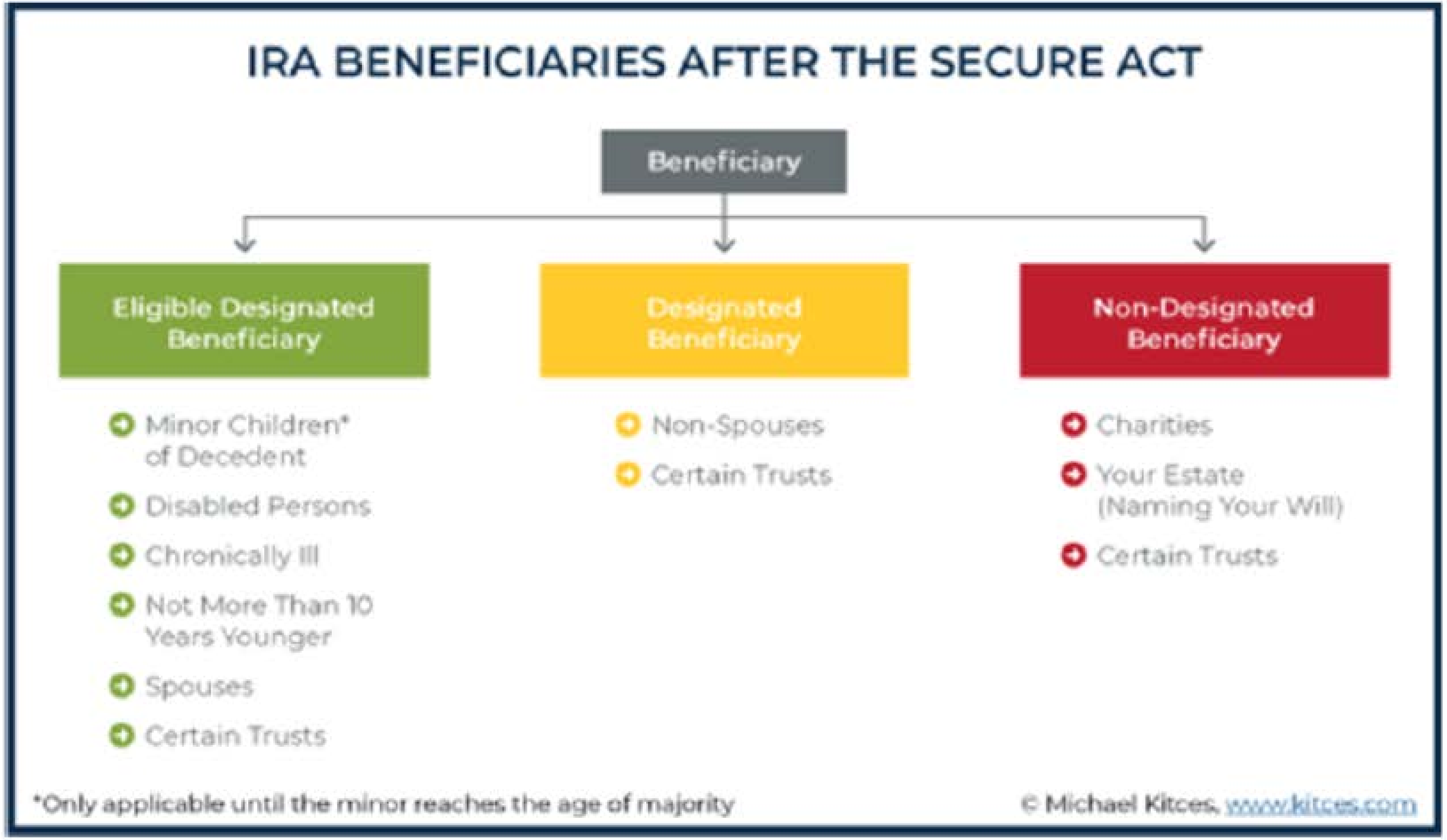
MAIDS – Minors, Age not > 10 yrs, chronically ILL, Disabled, Spouses

- Eligible Designated Beneficiaries (EDBs) are also exempt from the SECURE Act's changes.

- The 5 types of EDBs are:
  1. Surviving spouses
  2. Disabled persons
  3. Chronically ill persons
  4. A beneficiary not more than 10 years younger than the decedent
  5. The *decedent's* minor child*

*Only applies until age of majority

'DEATH' OF THE STRETCH



Polling Question #4

When a trust is the beneficiary of a tax deferred retirement plan, can you still “stretch” the MRDs?

A. Yes
B. No
C. It depends

‘Death’ of the Stretch

ID – ILL and Disabled

- Impact to trust beneficiaries
  - General rule is still that trusts are Non-Designated Beneficiaries
  - Trusts can still be treated as Designated Beneficiaries if they meet the “See-Through Trust” rules
  - Certain “See-Through Trusts” may be treated as EDBs

- Conduit trusts benefiting a single EDB should be able to receive EDB treatment

'Death' of the Stretch

- Discretionary Trusts will generally not qualify for EDB treatment

- Exception: Applicable Multi-Beneficiary Trusts
  - All trust beneficiaries must be designated beneficiaries
  - At least one trust beneficiary must be an EDB because they are either:
    - Disabled
    - Chronically ill

'Death' of the Stretch

- Applicable Multi-Beneficiary Trust divided into separate trusts for each beneficiary immediately upon the death of the owner
  - The separate trust FBO the disabled/chronically ill beneficiary will be treated as an EDB

- Applicable Multi-Beneficiary Trust in which no individual other than a disabled person and/or a chronically ill person will receive any benefit until the death of *all* disabled and/or chronically ill persons
  - The trust will be treated as an EDB

'Death' of the Stretch

- Death of an EDB?
  - Distributions no longer calculated over life expectancy
  - 10-Year Rule applies to successor beneficiary
  - Applies to all beneficiaries treated as successor beneficiaries
    - Successor beneficiaries can't be EDBs!
- Death of a pre-SECURE Act beneficiary
  - Decedent died on or before effective date
  - 10-Year Rule applies to successor beneficiary
  - Applies to all beneficiaries treated as successor beneficiaries
    - Successor beneficiaries can't be EDBs!

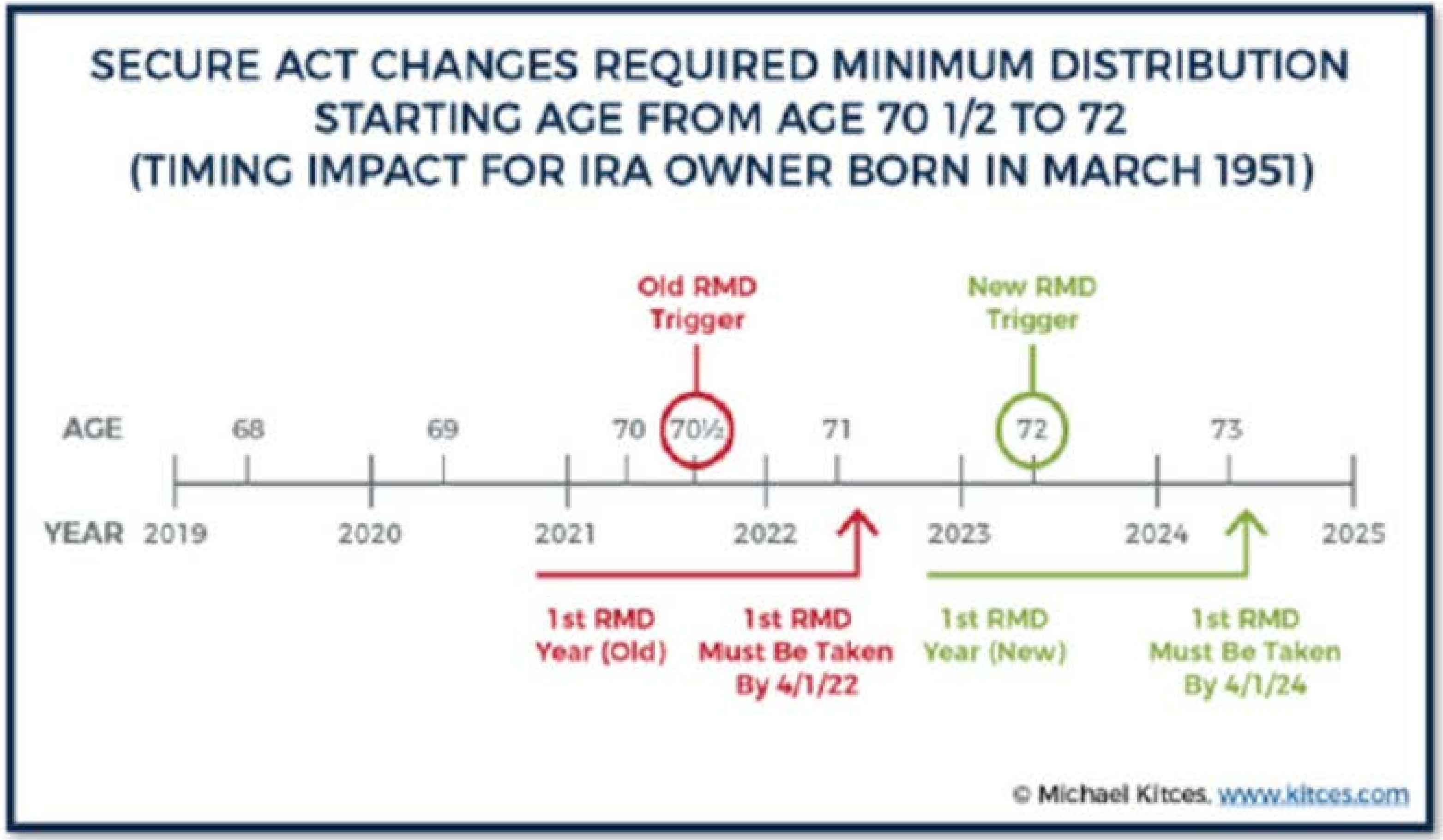
'Death' of the Stretch

- Review all beneficiary designations
- Discuss implications of the SECURE Act w/ clients so they understand the implications
  - Do they want to name different beneficiaries?
  - Do they want to alter planning during life (e.g., increase Roth conversions)?
  - Prioritize beneficiaries that are most likely to be 'problematic'
    - Trusts
    - Children

RMDs To Begin At Age 72

- RMD starting age is pushed back to age 72 for all IRAs and most plans (no change to Still-Working Exception)
  - RBD becomes April 1st of year after reaching age 72
- Effective *only* for those who turn 70 ½ in 2020 or later
- Twice the benefit for first-half-of-year birthdays
- No impact to age at which QCDs can be made

RMDs To Begin At Age 72



RMDs To Begin At Age 72

- No one will start RMDs in 2020!
- No change to the Life Expectancy Tables (used to determine factors)
  - Proposed Regulations still 'floating out there'
- Gives those who can afford to 'wait on the income' two extra 'semi-gap' years to utilize for planning purposes
- Is a meaningless change for the majority of IRA owners who are using their accounts to live on by that time anyway!

RMDs To Begin At Age 72

- 'Side Effects' of pushing back the age at which RMDs begin
  - Spouses who remain the beneficiary of deceased spouse's account
    - Starting age for RMDs (as a beneficiary) decedent's age 72
    - Surviving spouse beneficiaries treated as inheriting from an owner before decedent's age 72
  - 5-Year Rule for Non-Designated Beneficiaries
    - Applies when an owner dies prior to April 1st of the year following the year that they reach age 72 (their Required Beginning Date)

Polling Question #5

For a taxpayer with earned income, can they make a contribution to an IRA in 2021 if they are over age 70.5?

A. Yes

B. No

Max Age For TIRA Contributions Repealed

- Traditional IRA contributions may now be made at any age
  - Must still have "compensation" (generally earned income)
- Effective beginning for 2020
  - *Cannot* use new rule to make contributions for 2019 in 2020
- Don't forget about spousal Traditional IRA contributions!
- 'Regular' deductibility rules apply
  - Generally deductible
  - Deduction may be phased out w/ high income AND active participation of retirement account owner and/or spouse

QCD Anti-Abuse Rule

- Otherwise valid QCDs 'rejected' until rejected amount = deductible Traditional IRA contributions made during/after owner's 70 ½ year
  - Rejected amounts treated as 'regular' distribution + 'regular' charitable contribution
- Greatly reduces the benefit of the repeal of the maximum age for making Traditional IRA contributions (if QCDs are desired)

10% Penalty Exception For Childbirth/Adoption

- Applies to IRAs and to employer-sponsored retirement plans
- Up to $5,000 per parent per qualifying event
  - May be spent as parent's see fit (no list of "qualifying expenses")
- Distribution must be taken within one year *after* child's (live) birth or adoption (adopted child must be < 18)
- Distributions may be repaid

Kiddie-Tax Reverts To Pre-Tax Cuts And Jobs Act (TCJA) Rules

- Applies when:
  - A child is:
    - Younger than 18
    - 18 years old and provides less than ½ their support w/ earned income
    - A full-time student, age 19 – 23, who provide less than ½ their support w/ earned income
  - Unearned income is more than $2,200
  - At least one parent is alive
  - Required to file a return
  - Don't file married-joint

Kiddie-Tax Reverts To Pre-Tax Cuts And Jobs Act (TCJA) Rules

- Change is mandatory for 2020
- Change is optional for 2018 and 2019
  - Pick which gives you a lower tax!
  - Likely need to amend 2018 returns to take advantage of using the parents' rate
    - Generally have up to 3 years to file an amended return

New Small Business Retirement Plan Credits

1. Credit for small businesses establishing a new retirement plan

- 100 or fewer employees receiving $5,000 or more of compensation
- Maximum credit increased to $5,000 (up from $500) for up to 3 years
- Actual credit equal to great of:
  - $500, or
  - Lessor of:
    - $250 x non-highly compensated persons eligible to participate in the plan
    - $5,000
- Effective for tax years beginning January 1, 2020

New Small Business Retirement Plan Credits

2. Credit for adoption of auto-enrollment by a small business retirement plan

- 100 or fewer employees receiving $5,000 or more of compensation
- Credit of $500 for up to 3 years
- Must adopt an "Eligible Automatic Enrollment Arrangement" (IRC 14(w)(3))
- Effective for tax years beginning January 1, 2020

Expansion Of 529 Plans

1. Fees, books, supplies, and required equipment for Apprentice Programs (must be certified w/ the Department of Labor)

2. New "Qualified Education Loan Repayment" distributions
   - Lifetime limit of up to $10,000
   - May be used for principal and/or interest
   - Interest paid w/ such distributions is ***<u>not</u>*** eligible for the above-the-line student loan interest deduction
   - Up to $10,000 can be distributed to satisfy student debt of 529 beneficiary's siblings (each)
   - Retroactive to January 1, 2019

CARES Act

CARES Act Retirement Plan Provisions

- **COVID-19 Related Distributions**
  - Up to $100,000
  - Exempt from 10% early distribution penalty tax
  - Applies only to the 2020 calendar year
  - Repayable over three years; taxed over a three year period to the extent it is not repaid
  - An individual is eligible if:
    - He or she is diagnosed with the virus;
    - His or her spouse or dependent is diagnosed;
    - He or she experiences adverse financial consequences as a result of:
      - quarantine, furlough, or layoff or having work hours reduced;
      - being unable to work due to lack of childcare; or
      - closing or reducing hours of a business they own or operate

    In each case due to the virus

- **Plan Loan Relief**
  - Only for individuals who qualify for COVID-19 related distributions
  - Through September 24, 2020, loan limits increased to the lesser of:
    - $100,000, or
    - 100% of the participant's account balance
  - One-year extension on loans otherwise due between March 24, 2020 and December 31, 2020
- **Minimum Required Distributions**
  - Requirement waived for the 2020 calendar year for defined contribution plans only
- **Preview of possible IRS guidance in Notice 2005-92?**

CARES Act Retirement Plan Provisions

- **Single-Employer Pension Plans**
  - Have until January 1, 2021 to pay 2020 required minimum contributions (but interest applies)
  - Additional flexibility for determining the plan's funding status for purposes of determining any Section 436 benefit restrictions

- **Amendment Deadlines**
  - May apply CARES Act provisions immediately
  - Check with your TPA!
    - Opt-in / opt-out approaches
  - Deadline for plan amendments reflecting the plan's operation:
    - Last day of the first plan year beginning on or after January 1, 2022
      - December 31, 2022 for calendar year plans
    - Governmental plans have an additional two years to adopt applicable amendments

Recent Developments

- PPP Loans - Talk to your CPA because this is WAY over the scope in this session and my expertise

Polling Question #6

I took my MRD for 2020 in March but I don't need the money. I only took it because it was required. Is there anything I can do to not pay taxes on this?

A. Yes

B. No

IRS Notices 2020-50

Provided more guidance to who can take CARES distributions:

- “is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) [referred to collectively as “COVID-19”] by a test approved by the Centers for Disease Control and Prevention” or (ii) “whose spouse or dependent (as defined in section 152 of the Code)” is so diagnosed.
- **OR**

1. who “experiences adverse financial consequences as a result of...” one of the following:
2. conditions occurring to EITHER such individual OR to his or her spouse OR to a member of his or her household (see definition below):
3. “being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19”; or
4. “being unable to work due to lack of childcare due to COVID-19”; or
5. the “closing or reducing hours of a business owned or operated by...[such individual or spouse or household member] due to COVID-19”; or
6. “having a reduction in pay (or self-employment income) due to COVID-19”: or
7. “having a job offer rescinded or start date for a job delayed due to COVID-19.”

IRS Notices 2020-50

- Note that one path to CRD qualification is strict and objective: Either the individual (or his spouse or dependant) is diagnosed with the applicable virus by the approved test or he/she/they are not so diagnosed.
- The other path is the opposite—it is loose and subjective. “Adverse financial consequences” are not defined. Clearly someone who loses his entire family income as a result of a virus-triggered business closing has suffered substantial “adverse financial consequences.” But the statute does not require “substantial” consequences....any adverse financial consequences will do. And of course if the individual (or spouse or dependent) received the specified virus diagnosis, NO adverse financial consequences need have been incurred. Notice 2020-50 does not make any attempt to define “adverse financial consequences.”

CARES Act – 3 Year Spread

- "In the case of any coronavirus-related distribution, unless the taxpayer elects not to have this paragraph apply *for any taxable year*, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable year period beginning with such taxable year." 2202(a)(5); emphasis added
- This will be messy to administer. For example: Suppose the individual takes his CRD on 12/30/2020. He must either roll it back into a traditional retirement plan by 12/30/2023 [see "C" below] or pay tax on it. Unless he rolls it all over before the due date of his 2020 income tax return, he will have to pay tax on at least one-third of it (by not electing out of the three-year spread) on his 2020 return....and on another third of it if he hasn't rolled it all back by the due date of his tax return for 2021...and on the rest of it if he hasn't rolled it all back by the due date of his 2022 return....and then file amended returns for those years if he rolls it all over in late 2023 after the due date of his already-filed 2022 return. Or what if the income is being spread over three years but then in the second year he rollover over part of the distribution. Much of Notice 2020-50 is devoted to explaining how all this will work. Practitioners should consult the Notice for this aspect.

IRS Notices 2020-51

- Can undo the MRDs by 08/31/2020 by repaying the distribution back into a retirement plan
  - If taxes were withheld, you can repay this too if you would like
  - This is not deemed a “once per year rollover” under the IRA rules
  - Allowed for inherited distributions as well
  - If you miss the 08/31/20 deadline, you will have to fall back on another method to undo this, i.e. rollover if your own MRD

New RMD Tables for 2021 and Later

1. Uniform Lifetime Table

Table for Determining Applicable Distribution Period (Divisor)			
Age	**Distribution period**	**Age**	**Distribution period**
70	29.1	95	8.9
71	28.2	96	8.3
72	27.3	97	7.8
73	26.4	98	7.3
74	25.5	99	6.8
75	24.6	100	6.4
76	23.7	101	5.9
77	22.8	102	5.6
78	21.9	103	5.2
79	21.0	104	4.9
80	20.2	105	4.6
81	19.3	106	4.3
82	18.4	107	4.1
83	17.6	108	3.9
84	16.8	109	3.7
85	16.0	110	3.5
86	15.2	111	3.4
87	14.4	112	3.2
88	13.6	113	3.1
89	12.9	114	3.0
90	12.1	115	2.9
91	11.4	116	2.8
92	10.8	117	2.7
93	10.1	118	2.5
94	9.5	119	2.3
		120+	2.0

Planning Implications

- With lower AGI b/c of the lack of MRDs, may consider Roth conversions
- Still a go with QCDs for those over 70.5 even though MRDs are now age 72 and not at all for tax year 2020
- Undo or bypass all or some of the MRDs and play the tax bucket game
- Live on taxable money this year vs. taking tax deferred
- If in lower income in 2020, may choose to delay expenses that would be itemized deductions and bunch them in 2021 (assuming can reach ID amount)