



## NEW RMD RULES (AGAIN)

### SUMMARY

The government has again changed the required minimum distribution (RMD) age for those with retirement accounts, as well as offered new guidance for RMD-subjected IRAs inherited after 2020.

### RMDs FOR NON-ROTH RETIREMENT ACCOUNTS

The new SECURE 2.0 Act of 2022, like its predecessor in 2020, has pushed the age of required minimum distributions (RMDs) back yet again for those not already taking them. The original SECURE Act of 2020 changed the RMD age from 70 ½ to 72. Now, the SECURE 2.0 Act has changed the RMD age from 72 to 73. Furthermore, for those who were born on or after January 1, 1960, the RMD age will increase to 75.

If you were born on or before December 31, 1959, and turn 72 after December 31, 2022, you do not have to take an RMD until the year you turn 73. If you turned or turn 72 in 2023, your RMD will start in 2024 (which means you must take it by April 1, 2025). If you're turning 73 this year, you will have to take your calculated required minimum distribution by December 31 (you would have taken your first RMD last year when you turned 72).

RMD Beginning Age	Birthdays	Notes
72	For those born on July 1, 1949, through and including December 31, 1950	At this point, you should already be taking RMDs. The new changes do not affect you. You will have to take your RMD by December 31 of each year.
73	For those born on January 1, 1951, through and including December 31, 1959	No one's first RMD year will be 2023, to allow for the transition. If you're turning 73 in 2024, you will have to take a 2024 RMD by April 1, 2025.
75	For those born on January 1, 1960, or later	This will go into effect in 10 years.

### MISTAKENLY TOOK YOUR 2023 RMD?

The IRS issued notices to those born in 1951 that they would be required to take an RMD for 2023. This, of course, is incorrect. If you have taken your first RMD in 2023 (at age 72) by mistake and want to return it to your IRA, the IRS is extending the 60-day rollover period for IRAs to September 30, 2023. This means you

have until September 30 to return the money to the account, classified as a rollover, no matter when you originally took the RMD this year. Note that this applies only to those who turned or turn 72 this year.

## RMDs ENDING FOR ROTH-DESIGNATED ACCOUNTS

Roth IRAs are not subject to RMDs unless inherited by a non-spouse. This, however, was not true for Roth accounts in retirement plans like 401(k)s and 403(b)s, where RMDs were required even for the original owner. In many cases, people were able to get around taking an RMD from their Roth 401(k) or 403(b) plans by rolling the assets into a Roth IRA. That is no longer necessary, as the SECURE 2.0 Act eliminated the need to take RMDs from Roth-designated retirement plan accounts. This doesn't go into effect until 2024, however, so if you are subject to an RMD for 2023, you are still required to take it for this year.

## RMDs FOR INHERITED IRAs

When the SECURE Act of 2020 was passed, it outlined a new policy for inherited IRAs. The Act specified that non-spouses who inherited IRAs after 2020 were required to empty the account within 10 years, no longer making “stretch” distributions over the course of their lifetime. Practically every financial firm in the industry—from giants like Schwab to the smallest one-man shops—interpreted this to mean that RMDs were not required for any of these accounts. For the last three years, those who inherited IRAs have largely been leaving the accounts untouched in favor of letting them grow tax-deferred until closer to the tenth year, when the full amount would have to be distributed.

In 2022, however, the IRS issued guidance with a different interpretation of the legislation. As far as they could tell, RMDs are still required in years 1 through 9 for those who inherit an IRA from an owner who was already taking RMDs. Earlier this year, the IRS waived the requirement to take a 2022 RMD. However, because their guidance is still in process and is not expected to be completed until 2024—and due in large part to the sheer amount of confusion on the topic—they are waiving the RMD requirements for 2023. If you inherited an IRA that was already in RMD status after 2020, you will not be required to take an RMD until 2024. If you have questions about the taxation of your RMDs or any other tax-related questions, please consult your CPA. We will provide more information as it becomes available.

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—Written 8.23.2023.

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