



IRA and Retirement Plan Changes in the CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act recently passed by Congress and signed into law by President Trump contains a few provisions regarding rule changes for retirement plans:

- Required minimum distributions (RMDs) are suspended for 2020. All RMDs are suspended, including those for inherited IRAs as well as traditional IRAs of those who turned over 70 ½ prior to 2020 and those who turned 72 in 2020.

Customers who have already taken Their 2020 RMD may be eligible to roll it over if the withdrawal was in the last 60 days. Customers should consult with their tax professional.

- Due to the tax return filing deadline for 2019 income tax returns being extended to July 15th, 2020, the deadline for making a 2019 contribution to an IRA is also extended to July 15th. This is also true for HSA Contributions.
- Hardship Distributions. The 10% penalty for taking early distributions from qualified retirement plans, including IRAs and 401(k)s has been waived. This pertains to customers under 59 ½ who meet the qualifications below. The waiver applies to distributions taken between January 1, 2020 and December 31, 2020. Up to \$100,000 of distributions avoids the penalty. Withdrawals are considered income and will be taxable. However, it may be spread over 3 years. We strongly recommend consulting with a tax professional before taking advantage of this option.

Qualifying individuals need to meet any of the following.

- Have been diagnosed with COVID-19
- spouse or dependent is diagnosed with COVID-19
- Are experiencing adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19.