



TaxNewsFlash

United States



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Notice 2020-51: Waiver of 2020 required minimum distributions, retirement plans (COVID-19)

The IRS today released an advance version of Notice 2020-51 as guidance relating to the waiver of 2020 required minimum distributions from certain retirement plans pursuant to relief provisions provided by the “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) (Pub. L. No. 116-136)—legislation enacted in response to the coronavirus (COVID-19) pandemic.

Background

The CARES Act provides a temporary waiver of the required minimum distribution rules for certain retirement plans and accounts. Specifically, the required minimum distribution rules for calendar year 2020 are waived for certain defined contribution plans and IRAs. Individuals are usually required to take mandatory distributions starting at age 72, but such distributions are not required during 2020. The provision is effective for calendar years beginning after December 31, 2019.

Notice 2020-51

[Notice 2020-51](#) [PDF 218 KB]—

- Permits rollovers of waived required minimum distributions and certain related payments, including an extension of the 60-day rollover period for certain distributions to August 31, 2020
- Addresses questions relating to the waiver of 2020 required minimum distributions
- Provides a sample plan amendment that, if adopted, would provide participants a choice whether to receive waived required minimum distributions and certain related payments

Notice 2020-51 also provides transition relief for plan administrators and payors in connection with the change in required beginning date for required minimum distributions under section 401(a)(9) of the Code and pursuant to provisions of the “Setting Every Community Up for Retirement Enhancement Act of 2019” (SECURE Act), enacted on December 20, 2019, as Division O of the Further Consolidated Appropriations Act of 2019 (Pub. L. No. 116-94).

An appendix to Notice 2020-51 provides a sample plan amendment for defined contribution plans that plan sponsors may adopt to implement the changes under section 401(a)(9)(I). The sample amendment allows participants and beneficiaries a choice between receiving and not receiving certain distributions; however, the sample plan amendment has no effect on other distribution provisions. For example, a 75-year old retiree's request to have the remaining plan account balance distributed in 2020 in a lump sum, or in five approximately equal annual installments over a period that includes 2020, would not be affected by the amendment.

As further described in a related IRS release—[IR-2020-127](#) (June 23, 2020)—Notice 2020-51 provides that any individual who already took a required minimum distribution in 2020 from certain retirement accounts now has the opportunity to roll those funds back into a retirement account following the required minimum distribution waiver for 2020 as provided by the CARES Act. The 60-day rollover period for any required minimum distributions already taken this year has been extended to August 31, 2020, to give taxpayers time to take advantage of this opportunity.

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