

MEMO# 32181

January 28, 2020

IRS Provides RMD Reporting Relief for 2020 to IRA Providers in Connection with SECURE Act

[32181]

January 28, 2020 TO: ICI Members
Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension

Tax RE: IRS Provides RMD Reporting Relief for 2020 to IRA Providers in Connection with SECURE Act

On January 24, 2020, the Internal Revenue Service (IRS) issued Notice 2020-6,[\[1\]](#) providing relief with respect to incorrect required minimum distribution (RMD) notices provided to IRA owners who turn 70½ in 2020. As you know, section 114 of the SECURE Act[\[2\]](#) increases the trigger age for RMDs, from age 70½ to age 72. The provision is effective for distributions required to be made after December 31, 2019, with respect to individuals who attain age 70½ after December 31, 2019. Therefore, an individual turning age 70½ in 2020 would not have an RMD due for 2020. As you know, IRA providers generally must provide an RMD statement to an IRA owner by January 31 of the year for which an RMD is due.

The Notice acknowledges that financial institutions have only a short amount of time to change their systems for furnishing the RMD statement, which could result in RMD statements being sent to individuals for whom no RMD is due for 2020.[\[3\]](#) In recognition of the timing concerns, the Notice provides the following guidance and relief with respect to 2020 RMD statements:

- If a financial institution provides an RMD statement to an IRA owner who will attain age 70½ in 2020 (including by providing a Form 5498), then the IRS will not consider such a statement to have been provided incorrectly, but only if the IRA owner is notified by the financial institution no later than April 15, 2020, that no RMD is required for 2020.
- For IRA owners who will attain age 70½ in 2020, the 2019 Form 5498 should not include a check in Box 11 (RMD required) or entries in Box 12a (RMD date) or 12b (RMD amount).

In addition, Notice 2020-6 states that because the SECURE Act did not change the required beginning date for IRA owners who attained age 70½ prior to January 1, 2020, the IRS encourages all financial institutions, in communicating these RMD changes, to remind IRA

owners who attained age 70½ in 2019, and have not yet taken their 2019 RMDs, that they are still required to take those distributions by April 1, 2020.

Finally, the Notice indicates that Treasury and the IRS are considering what additional guidance should be provided with respect to the SECURE Act, including guidance for plan administrators, payors, and distributees if a distribution to a plan participant or IRA owner who will attain age 70½ in 2020 was treated as an RMD.

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endnotes

[1] Notice 2020-6 is available at <https://www.irs.gov/pub/irs-drop/n-20-06.pdf>.

[2] The Setting Every Community Up for Retirement Enhancement Act (the “SECURE Act”) was enacted on December 20, 2019 and makes several changes to the rules for retirement plans and IRAs. The SECURE Act is available at https://www.appropriations.senate.gov/imo/media/doc/H1865PLT_44.PDF. For a summary of the SECURE Act, see ICI Memorandum No. 32118, dated December 20, 2019. Available here: https://www.ici.org/my_ici/memorandum/memo32118.

[3] ICI submitted a letter to Treasury and IRS on January 23, 2020, requesting guidance and relief needed as a result of certain SECURE Act provisions becoming effective within days after enactment, including the increased age for taking RMDs. See ICI Memorandum No. 32170, dated January 23, 2020. Available here: https://www.ici.org/my_ici/memorandum/memo32170.