

MEMO# 34088

March 28, 2022

ICI Requests Effective Date Relief for SECURE Act RMD Regulatory Changes

[34088]

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TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: ICI Requests Effective Date Relief for SECURE Act RMD Regulatory Changes

In a letter to the Treasury Department and IRS, ICI joined several other trade organizations^[1] in requesting timing relief related to changes to the required minimum distribution (RMD) rules enacted under the Setting Every Community Up for Retirement Enhancement Act (the SECURE Act) of 2019. As we previously reported,^[2] in February 2022, the IRS and Treasury released a notice of proposed rulemaking that would amend the regulations governing RMDs from retirement plans and IRAs to reflect changes made by the SECURE Act and other legislation over the years. These regulatory amendments are proposed to apply beginning in 2022. The proposal does not change the current deadline for making plan amendments to reflect the SECURE Act changes (generally the end of 2022 for private-sector plans)^[3] and does not include any model amendment language.

The attached letter urges the Treasury Department and IRS to promptly issue guidance that (1) extends the deadline for amending qualified plan and IRA documents to reflect the SECURE Act's changes to the RMD rules, and (2) delays the effective date of the new proposed regulations on RMDs. More specifically, the deadline for amending plans and IRAs should be delayed at least one full plan year (calendar year for IRAs) from the later of (1) the effective date of final RMD regulations or (2) the date the IRS publishes updated Listings of Required Modifications (LRMs). Regarding the effective date, the letter urges that the amended regulations should be effective no earlier than the first calendar year beginning at least nine months after final regulations are issued, and that relief for reasonable, good faith interpretations should apply until then.

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endnotes

[1] In addition to ICI, the signatories include: American Benefits Council, American Council of Life Insurers, Committee of Annuity Insurers, Finseca, Insured Retirement Institute, National Association of Insurance and Financial Advisors, National Association of Professional Employer Organizations, Retirement Industry Trust Association, Securities Industry and Financial Markets Association, Small Business Council of America, and The SPARK Institute.

[2] See ICI Memorandum No. 34057, dated March 4, 2022, available at <https://www.ici.org/memo34057>.

[3] The letter explains that employers using individually-designed plans generally can wait to amend the plan until a change in the law is published on the IRS Required Amendments List, but those employers using calendar year pre-approved plans - which is the overwhelming majority of plans - would need to amend by the end of 2022.

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