

**MEMO# 35964**

December 18, 2024

# **Treasury and IRS Announce Applicability Date for Future Final Regulations Regarding Required Minimum Distributions**

[35964]

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TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension

Tax RE: Treasury and IRS Announce Applicability Date for Future Final Regulations Regarding Required Minimum Distributions

The IRS and Treasury Department released Announcement 2025-02, relating to the applicability date of future final regulations relating to required minimum distributions (RMDs).[\[1\]](#) Certain sections of the anticipated final regulation will be applicable beginning in the 2026 distribution calendar year, rather than the 2025 distribution calendar year, as IRS and Treasury had proposed.

## **Background**

In July 2024, the IRS and Treasury released a set of rulemakings to amend the regulations governing RMDs from retirement plans and IRAs.[\[2\]](#) The first piece was a final regulation that reflects changes made by the Setting Every Community Up for Retirement Enhancement Act (the SECURE Act) of 2019 and other legislation over the years ("2024 Final Regulation").[\[3\]](#) The final rule left several provisions reserved to be addressed by a proposed regulation ("2024 Proposed Regulation"), which is the second piece of the set, which addressed changes made by the SECURE 2.0 Act.[\[4\]](#)

The 2024 Final Regulations are applicable for 2025—the regulations under 401(a)(9) apply for distribution calendar years beginning on or after January 1, 2025, the amendments to the rollover rules under Internal Revenue Code (IRC) section 402(c) are applicable for distributions on or after January 1, 2025, and the amendments relating to the RMD excise tax provisions under IRC section 4974 are applicable for taxable years beginning on or after January 1, 2025.

The 2024 Proposed Regulation was proposed to apply the same applicability dates as the

corresponding provisions in the 2024 Final Regulations (e.g., distributions for years beginning on or after January 1, 2025). ICI submitted a comment letter in response to the 2024 Proposed Regulation,<sup>[5]</sup> including a request that the applicability date of the eventual final regulations should be no earlier than the beginning of the calendar year at least 12 months following issuance. We explained that a time period of less than six months for the industry to review and revise procedures and make the necessary systems changes, which typically would not be done prior to the issuance of final regulations, is not sufficient. The letter also urged IRS and Treasury, prior to such applicability date, to apply reasonable, good faith interpretation relief for all the provisions addressed in the regulations (as it did for the 2024 Final Regulations).

## **Applicability Date Announcement**

In the new Announcement, IRS and Treasury noted the concerns raised by commenters in written comments and at the hearing held on September 25, 2024. In response to these concerns, the Announcement provides that the provisions of the future final regulations amending the following sections to be issued pursuant to the 2024 Proposed Regulations are anticipated to apply beginning in the 2026 distribution calendar year:

- Section 1.401(a)(9)-4 (Determination of the designated beneficiary),
- Section 1.401(a)(9)-5 (Required minimum distributions from defined contribution plans), and
- Section 1.401(a)(9)-6 (Required minimum distributions for defined benefit plans and annuity contracts).<sup>[6]</sup>

Further, for periods before the applicability date of these amendments, taxpayers must apply a reasonable, good-faith interpretation of the statutory provisions underlying the amendments.

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### **Notes**

[1] Announcement 2025-02 is available at <https://www.irs.gov/pub/irs-drop/a-25-02.pdf>.

[2] For an overview of the set of rulemakings, see ICI Memorandum No. 35798, dated July 31, 2024, available at <https://www.ici.org/memo35798>.

[3] The final rule was published at 89 Fed. Reg. 58886 (July 19, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-07-19/pdf/2024-14542.pdf>. For a summary of the SECURE Act, see ICI Memorandum No. 32118, dated December 20, 2019, available at <https://www.ici.org/memo32118>.

[4] The proposed rule was published at 89 Fed. Reg. 58644 (July 19, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-07-19/pdf/2024-14543.pdf>. For a summary of the SECURE 2.0 Act, see ICI Memorandum No. 34795, dated January 12, 2023, available at <https://www.ici.org/memo34795>.

[5] For a summary of the letter, submitted on September 17, 2024, see ICI Memorandum No. 35856, dated September 18, 2024, available at <https://www.ici.org/memo35856>.

[6] The 2024 Proposed Regulations also included amendments to:

- Section 1.401(a)(9)-2 (Distributions commencing during an employee's lifetime),
- Section 1.401(a)(9)-8 (Special rules),
- Section 1.401(a)(9)-9 (Life expectancy and Uniform Lifetime tables),
- Section 1.402(c)-2 (Eligible rollover distributions), and
- Section 1.408-8 (Distribution requirements for individual retirement plans).

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