

Relief for Reporting Required Minimum Distributions for IRAs for 2020

Notice 2020-6

PURPOSE

This notice provides guidance to financial institutions on reporting required minimum distributions for 2020 after the amendment of § 401(a)(9) of the Internal Revenue Code by the Further Consolidated Appropriations Act, 2020, P. L. 116-94 (the Act).

BACKGROUND

The Act was enacted on December 20, 2019. Division O of the Act, titled “Setting Every Community Up for Retirement Enhancement Act of 2019” (SECURE Act), included a number of retirement savings provisions. Section 114 of the SECURE Act amended § 401(a)(9) to change the required beginning date applicable to § 401(a) plans and other eligible retirement plans described in § 402(c)(8), including individual retirement accounts and annuities (IRAs). The new required beginning date for an IRA owner is April 1 of the calendar year following the calendar year in which the individual attains age 72, rather than April 1 of the calendar year following the calendar year in which the individual attains age 70½.

This amendment to § 401(a)(9) is effective for distributions required to be made after December 31, 2019, with respect to individuals who will attain age 70½ after that date. As a result of this change, IRA owners who will attain age 70½ in 2020 will not have a required beginning date of April 1, 2021. This means that these IRA owners

(who, prior to enactment of the SECURE Act, would have been required to take minimum distributions from their IRAs for 2020) will have no required minimum distribution (RMD) for 2020.

IRA REPORTING AND RELIEF

If an IRA owner has an RMD due for 2020, the financial institution that is the trustee, custodian, or issuer maintaining the IRA must file a 2019 Form 5498 (*IRA Contribution Information*) by June 1, 2020, and indicate by a check in Box 11 that an RMD is required for 2020. The financial institution may also choose to provide further information in Box 12a (RMD Date) and Box 12b (RMD Amount). Additionally, under Notice 2002-27, 2002-1 C.B. 814, if an IRA owner has an RMD due for 2020, the financial institution must furnish an RMD statement to the IRA owner by January 31, 2020, that informs the IRA owner of the date by which the RMD must be distributed, and either provides the amount of the RMD or offers to calculate that amount upon request.

The RMD statement required under Notice 2002–27 should not be sent to IRA owners who will attain age 70½ in 2020. However, in recognition of the short amount of time after the enactment of the SECURE Act that financial institutions have had to change their systems for furnishing the RMD statement, relief is being provided. Under this relief, 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 Internal Revenue Service (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 or entries in Box 12a or 12b.

OTHER MATTERS

The SECURE Act did not change the required beginning date for IRA owners who attained age 70½ prior to January 1, 2020. In order to reduce misunderstanding among IRA owners, 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.

The Department of the 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.

DRAFTING INFORMATION

The principal author of this notice is Brandon Ford of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Brandon Ford at (202) 317-4148 (not a toll-free number).