

IRS Provides Limited RMD Guidance



On July 14th, the IRS issued transitional relief under SECURE 2.0 related to required minimum distributions. The guidance — set forth in Notice 2023-54 — provides some limited transition relief and gives a clue about when final guidance may be expected.

1. Extends transition relief relating to the 10-year rule. Practitioners will remember that SECURE 1.0 created the “10-year rule” — which essentially requires that, regardless of whether an employee dies before his or her required beginning date, his or her account balance must be distributed within ten years of his or her death (unless his or her beneficiary is an “eligible designated beneficiary”). The IRS issued proposed regulations implementing this rule in 2022. The proposed regulations, though, created some confusion regarding application of the 10-year rule, and, in a notice issued later that year, the IRS agreed that the final regulations would apply no earlier than 2023. Notice 2023-54 now further extends this transition relief: it provides that the IRS will not assert excise taxes for any failure to make a distribution in 2023 that would be required by the 2022 proposed regulations.

2. Extends transition relief and rollover window for participants born in 1951. Participants who were born in 1951 and received RMDs prior to July 31, 2023 — but who shouldn’t have because the RMD age requirement was increased to age 73 under SECURE 2.0 with little lead time for plan administrations — may roll these distributions back into their retirement accounts. Such rollovers are permitted even if the 60-day period has lapsed (so long as the rollover is completed by September 30, 2023).

3. SECURE 2.0 RMD final guidance? Notice 2023-54 provides that any final regulations implementing these RMD changes will apply for calendar years beginning no earlier than 2024.

Clients with questions about RMDs under SECURE 2.0 will be glad to know of this limited transition guidance. By working with your TPA partner to answer their questions, you can provide some welcome relief!

Reminders

- **September 15, 2023:** Deadline for calendar year defined benefit plans to make required contributions to their plan trust.
- **September 15:** Deadline for defined benefit plans without a 2022 funding shortfall to meet minimum funding requirements for the 2022 plan year.
- **October 2:** Summary annual reports due to participants in calendar year plans.



by Kelsey Mayo

Partner, Poyner Spruill

Kelsey’s practice is focused in the areas of Employee Benefits and Executive Compensation. She works with business owners and HR executives to understand and manage employee benefits and executive compensation arrangements. She routinely represents clients before the Internal Revenue Service, Department of Labor, and Pension Benefit Guarantee Corporation and has extensive experience in virtually all aspects of employee benefit plans and executive compensation arrangements.