IRS Extends 2020 Required Minimum Distribution (RMD) Rollover Deadline

On June 23, 2020 the Internal Revenue Service announced that anyone who already took a required minimum distribution (RMD) in 2020 from certain retirement accounts now has the opportunity to roll those funds back into a retirement account (IRS Notice 2020-51). The 60-day rollover period for any RMDs already taken this year has been extended from July 15, 2020 to August 31, 2020, to give taxpayers time to take advantage of this opportunity.

RMDs usually cannot be rolled over, however, the CARES Act enabled any taxpayer with an RMD due in 2020 — from either a 401(k) or 403(b) plan, or an IRA — to skip those RMDs this year to avoid paying taxes. This includes anyone who turned age 70 1/2 in 2019 and would have had to take the first RMD by April 1, 2020.

In addition to the rollover opportunity, an IRA owner or beneficiary who has already received a distribution from an IRA of an amount that would have been an RMD in 2020 can repay the distribution to the IRA by August 31, 2020. The IRS states that this repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs. Please note that the new deadline applies to RMD payments only.

Sources:


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