

Publications

IRS Extends Required Minimum Distribution Relief Pending Issuance of Final Regulations

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PUBLISHED

04/25/2024

SOURCE

Groom Publication

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On April 16, 2024, the IRS issued [Notice 2024-35](#) (“Notice”) which further extends required minimum distributions (“RMD”) relief for the fourth year in a row while plan sponsors, IRA providers, participants/IRA owners and their beneficiaries await final Code section 401(a)(9) regulations. To summarize, the Notice:

- Again delays the anticipated effective date of the final RMD regulations to calendar years beginning on or after January 1, 2025; and
- Eliminates the need for 2024 RMD payments for beneficiaries under the combination of the 10-year rule and the “at least as rapidly” rule.

History

Following the enactment of the Setting Every Community Up for Retirement Enhancement (“SECURE”) Act in 2019 and the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, Notice 2020-51 provided relief for the required beginning date change from age 70-1/2 to age 72 under the SECURE Act and other CARES Act requirements. (See [IRS Guidance on 2020 Required Minimum Distribution Waivers and More](#)). This relief was further extended and expanded upon in Notice 2022-53, which provided relief for 2021 and 2022 RMD payments for certain beneficiaries subject to the 10-year rule – i.e., not requiring the “at least as rapidly” payment. (See [IRS Required Minimum Distribution \(“RMD”\) Relief for Beneficiaries for 2021 and 2022](#)). Last year, the IRS continued the tradition of providing RMD relief in Notice 2023-54 for 2023 RMD payments, which also included relief for the SECURE 2.0 Act changes. (See [Additional Required Minimum Distribution Relief Following SECURE 2.0 Act Changes](#)).

Relief Under the Notice

The 2024 relief can be divided into two parts.

1. Extended effective date of regulations.

As the proposed RMD regulations were issued before the SECURE 2.0 Act, they need to be updated to reflect subsequent changes to the Code. The Notice states that the final RMD regulations and related provisions are now anticipated to apply for determining RMDs for calendar years beginning on or after January 1, 2025 (instead of the 2024 distribution calendar year, as previously announced in Notice 2023-54). This extension provides the IRS with additional time to finalize regulations that take into account SECURE 2.0.

2. No 2024 RMD payments under the “at least as rapidly” rule for certain beneficiaries.

As discussed in our previous alerts cited above, the SECURE Act added a new 10-year rule that generally requires that, unless you are an “eligible designated beneficiary,” IRA or plan benefits must be paid out by the end of the 10th anniversary following the death of the participant/IRA owner. (Similarly, there is a 10-year payout rule on the death of the eligible designated beneficiary.) Many wondered how the 10-year rules would interact with the “at least as rapidly” rule under the Code and existing regulations. While the proposed regulations retained the “at least as rapidly rule” where a participant or IRA owner died on or after their RBD, given that the proposed RMD regulations have not yet been finalized, uncertainty remains. The IRS previously provided relief for 2021 and 2022 specified RMDs in Notice 2022-53, and again in 2023 in Notice 2023-54. The Notice, using identical language to Notice 2023-54, extends that relief for 2024, providing that, for a specified RMD, as defined below, the plan will not be treated as failing to satisfy Code section 401(a)(9), and the beneficiary will not be subject to the 25% excise tax under Code § 4974 for failure to take a distribution.

The Notice essentially defines a “specified RMD” identically to how it was previously defined in Notice 2023-54, as follows:

Any distribution that, under the proposed regulations, would be required to be made pursuant to Code section 401(a)(9) in 2024 under a defined contribution plan or IRA that is subject to the rules of 401(a)(9)(H) for the year in which the participant/IRA owner (or designated beneficiary) died if that payment would be required to be made to:

- A designated beneficiary of a participant under the plan (or IRA owner) if: (1) the participant (or IRA owner) died in 2020, 2021, 2022, or 2023 and on or after the participant’s (or IRA owner’s) RBD, and (2) the designated beneficiary is not taking lifetime or life expectancy payments pursuant to section 401(a)(9)(B)(iii); or
- A beneficiary of an “eligible designated beneficiary” (including a designated beneficiary who is treated as an eligible designated beneficiary pursuant to section 401(b)(5) of the SECURE Act) if: (1) the eligible designated beneficiary died in 2020, 2021, 2022, or 2023 and (2) that eligible designated beneficiary was taking lifetime or life expectancy payments pursuant to section 401(a)(9)(B)(iii) of the Code.

Next Steps

As with the prior guidance, the Notice allows for flexibility in implementing these provisions without triggering plan qualification issues or excise taxes, thereby providing welcomed relief to plan and IRA sponsors and recordkeepers, and to beneficiaries.