

News

J. Rose Zaklad Discusses SECURE Act Retirement Amendments In Tax Notes

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In the article, “IRS Says Wait and See on SECURE Act IRA Model Amendments,” *Tax Notes* summarized principal J. Rose (“Rosie”) Zaklad’s discussion during the American Bar Association Section of Taxation’s virtual meeting where she addressed challenges facing prospective retirement plan amendments to the Setting Every Community Up for Retirement Enhancement (“SECURE”) Act.

“The rules were already very complicated, and they’re even more complicated now” Rosie stated. There are also serious consequences for failing to comply with the new required minimum distribution (“RMD”) rules, like a 50 percent excise tax on the taxpayer, and reporting and withholding penalties for the plan sponsors and service providers, she noted.

The SECURE Act’s RMD changes have already taken effect for deaths occurring after December 31, 2019, and many plan sponsors are restating their plans, Rosie continued. “They’re saying, ‘Hey, I want to add my SECURE Act amendments, can you just throw them in there?’”

Making the change to reflect the minimum age for RMDs is straightforward, but for everything else, practitioners would really like to have a model plan amendment to rely on, she said to the panel.

Rosie added, “What we don’t want to do is put something in the plan and then have to change it later. Sometimes you have to go through different approvals to get those changes in, and it just looks bad if we’re amending a bunch of times.”

The IRS should wait until after it issues regulations to provide a model amendment to avoid any delays in the process. And if practitioners know that a model amendment is coming, they can relay that to plan providers and tell them to hold off on making amendments to the more complicated provisions.

The good news, according to Rosie, is that although the RMD rule changes are already in effect, if an individual dies now, “presumably there’s 10 more years with which to make a distribution. So hopefully, we won’t be making a mistake between now and when the 10-year period is up.”

To read the article, [click here](#).