



# ED SLOTT'S IRA ADVISOR

March 2020

Tax & Estate Planning for Your Retirement Savings

## WHAT'S INSIDE?

### The Age 70½ Conundrum Lives On

- IRS Notice 2020-6
- QCD Age Remains 70½
- Combining Post-70½ Traditional IRA Contributions and QCDs
- Grandfathered 70½ RMD Rules
- Planning Responsibilities

<Pages 1-3>

### Executive Summary

<Page 2>

### Insert: 2020 Retirement Plan Contribution Limits

### Breaking up Isn't Hard to Do

- Separate Account Deadlines
- Separate Accounts and EDBs
- Practical Reasons for Separate Accounts

<Pages 4-5>

### GUEST EXPERT: Gayle Canini MBA, BFA™ Employee Benefits Administration, Inc Winchester, VA

### How the SECURE Act Affects Annuities in Retirement Plans

<Pages 6-7>

Join the Retirement  
Planning Conversation



## The Age 70½ Conundrum Lives On

With the arrival of the Setting Every Community Up for Retirement Enhancement (SECURE) Act, hope was that the clumsy and confusing number 70½ in the tax code would not survive. This arbitrary number seemed to exist for no reason other than to bewilder clients.

With the required minimum distribution (RMD) age raised from 70½ to 72, the chaos surrounding when clients should start taking withdrawals and/or what life expectancy factor to use was supposed to be eliminated. Alas, the irritating planning number of age 70½ remains (at least in part) to befuddle clients.

As such, some account owners who turn 70½ in 2020 (none of whom are required to take an RMD until age 72 under the SECURE Act) may be mistakenly contacted about taking a 2020 RMD. In fact, these people will not have a required beginning date (RBD) until April 1 of 2022 or 2023.

Under the relief in Notice 2020-6, if an IRA sponsor provides an erroneous RMD notification to an IRA owner who will attain age 70½ in 2020, the IRS will not consider the statement to have been provided incorrectly. Such relief is predicated on the IRA owner being subsequently informed by the sponsor that no RMD is, in fact, required. This corrective communication must be made no later than April 15, 2020.

Advisors should identify those clients reaching age 70½ in 2020 and be sure they understand that no RMD is required for 2020 and to ignore inaccurate communications from their IRA custodian stating otherwise.

### IRS Notice 2020-6

The IRS recognizes the potential problems and confusion. Considering how convoluted the minimum distribution rules are and how quickly the stage has changed, the IRS went so far as to release RMD reporting guidance in [Notice 2020-6 \(irs.gov/pub/irs-drop/n-20-06.pdf\)](https://www.irs.gov/pub/irs-drop/n-20-06.pdf).

While traditional, SEP and SIMPLE IRA custodians are required to notify each IRA owner who is required to take an RMD for the year (as well as the IRS, via Form 5498), many of these automated notification systems have yet to be updated to reflect the new 72 RMD age.

### QCD Age Remains 70½

While the SECURE Act raised the age for RMDs to 72, the qualified charitable distribution (QCD) age was not altered. It stands firm at 70½.

This means that QCDs can be made even before RMDs must begin. The discrepancy between the QCD age and the new RMD age will

Includes  
the latest  
updates  
from the  
SECURE  
Act

Ed Slott and Company's 2-Day IRA Workshop

# INSTANT IRA SUCCESS

July 9-10, 2020 | Nashville, TN

## \$500 OFF

Promo Code:  
**EBNEWSLETTER**  
Exp. April 24