



2020 RMD / Roth Conversions

April 7, 2020

The recently enacted CARES Act made some important changes to the rules governing retirement savings. Most importantly, the new legislation waives forced withdrawals from retirement plans. This means you can completely forego your 2020 Required Minimum Distribution (RMD). This is not a postponement or deferral- You will not need to take your 2020 at some point in the future. The new legislation applies to both inherited and normal IRAs.

What does this mean for you?

If you have not taken an RMD for 2020, you do not need to take one. We will not process an RMD for you unless you tell us you need the money for income.

If you have already taken your 2020 RMD, all of the transactions taken within the last 60 days, can be redeposit as one lump sum back into your IRA by processing this as a 60-day rollover with no penalty and you will not have to take the money out again in 2020. Additionally, this redeposit provision does not apply to non-spousal Inherited IRAs.

Our advice:

If you do not need your RMD for income, we would suggest not taking an RMD for 2020. If you are currently taking your RMD monthly and do not need the money for income, we would suggest stopping the monthly distributions for the rest of the year.

If you have other assets, such as those in a taxable account, we would advise using those funds for income and foregoing your 2020 RMD.

If you rely upon your RMD for income and you do not have another source of assets to pull from, we recommend continuing to take your RMD. If you need the income and you have already taken the RMD, you do not need to do anything further.

Remember, you can always take more than your RMD and in 2020, you can also take less than the full amount as well.

Finally, given the drop in market values, this is a good time to explore converting from a traditional IRA to a Roth IRA. While not for everyone, in certain circumstances this strategy makes a lot of sense.

There are a lot of underlying details to these concepts. We can help with those details and the processing of what needs to be done. If you would like to discuss your 2020 RMD or Roth conversion in more detail, please call or send us an email back and we can schedule a time to talk.

Thank you,

A handwritten signature in black ink, appearing to read "Scott E. Upham". The signature is fluid and cursive, with a large initial "S" and a distinct "E" and "Upham" following.

Scott Upham, CIMA® CPWA
Managing Partner

Contributions were made to this letter by Aryn Moolji, CIO and COO, Jeffrey Burch, and Taylor Haselgard.

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