

Q&AS ON RECENT IRS RMD RELIEF

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On July 17, we [reported](#) that the IRS had issued required minimum distribution (RMD) relief in two situations. First, the Service excused 2023 RMDs for certain IRA (and plan) beneficiaries subject to the 10-year payout period. Second, it extended the 60-day rollover deadline for retirement account owners born in 1951 who erroneously received distributions in 2023 that weren't necessary because their first RMD year had been delayed from 2023 to 2024 under SECURE 2.0. This relief was published in IRS [Notice 2023-54](#). In this article, we'll address several questions we've received about the IRS guidance.

Waiver of Missed 2023 RMDs

Q: Exactly who is affected by the waiver of 2023 RMDs?

A: The waiver is limited. It only affects beneficiaries who are bound by the 10-year payment rule and who inherited from a retirement account owner who had already reached his RMD required beginning date (generally, April 1 of the year after the year the owner turns 73). In that situation, the beneficiary must normally take annual RMDs in years 1-9 of the 10-year period (as well as empty the account by the end of the 10 years). But, because the IRS hasn't finalized its RMD regulations, it's excusing the annual RMD rule for 2023. Last October, the IRS also excused annual 2021 and 2022 RMDs for affected beneficiaries using the 10-year rule.

Q: Who is not affected by the waiver?

A: Both the recent guidance and the guidance from last October do not excuse 2021, 2022 or 2023 RMDs for the following groups:

- IRA or plan account owners taking lifetime RMDs.
- Eligible designated beneficiaries (EDBs) taking stretch RMDs. EDBs are surviving spouses; minor children under age 21; chronically ill or disabled individuals; or anyone not more than 10 years younger than the retirement account owner.
- Individual beneficiaries who inherited before 2020.

Q: If I am subject to the 10-year rule and received a 2023 RMD, can I roll it back?

A: The IRS relief doesn't allow an affected beneficiary to roll back a 2023 RMD even though it wasn't required. Without that relief, no rollover is possible since RMDs cannot be rolled over.

Rollover Deadline Extension

Q: If RMDs cannot be rolled over, how are rollovers of 2023 "RMDs" paid to retirement account owners born in 1951 permitted?

A: Any distribution made in 2023 to someone born in 1951 is not a real RMD because those individuals had their first RMD year delayed until 2024. So, the IRS is allowing a rollover of distributions received before July 31, 2023 and is extending the usual 60-day deadline until September 30. In many cases, folks born in 1951 received these "RMD" distributions because SECURE 2.0 was passed so late in 2022 that custodians and recordkeepers didn't have a chance to adjust their systems.

Q: If I was born in 1951 and received a 2023 distribution, can I do a Roth conversion?

A: The IRS guidance doesn't specially address Roth conversions. But, since a conversion is a rollover, we believe a conversion can be done as long as the September 30 deadline is met. The unwanted "RMD" payment can be deposited directly to a Roth IRA. Of course, anyone doing a Roth conversion must pay taxes on the converted amount, so if the original distribution is deposited into a Roth, it will be taxable.

Q: If I make a rollover under the IRS guidance, will it count towards the once-per-year rollover rule?

A: The IRS says that a rollover of a 2023 distribution by someone born in 1951 won't violate the once-per-year rule if another distribution was received in the prior 12 months that was also rolled over. But it will start a new 12-month period that will prevent a distribution received in the next 12 months from being rolled over.

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