

## Review Required Minimum Distribution Compliance in Light of Deadline Changes

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April 6, 2022

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The SECURE Act changed the deadline for commencing required minimum distributions ("**RMDs**") from a tax-qualified retirement plan. Following the change, a retired individual who reached age 70½ before January 1, 2020, must begin receiving RMDs by no later than April 1<sup>st</sup> of the year after turning 70½, whereas a retired individual who reaches age 70½ on or after January 1, 2020, must begin receiving RMDs by no later than April 1<sup>st</sup> of the year after reaching age 72. This change means that retired individuals who reached age 70½ in 2019 (*i.e.*, who had a 70<sup>th</sup> birthday from July 1, 2018 through June 30, 2019) were required to take their first RMD by April 1, 2020 and then take subsequent RMDs on December 31<sup>st</sup> of each year.

However, as we previously reported [here](#), the CARES Act suspended the requirement to make RMDs in 2020, including initial distributions on April 1, 2020. Consequently, for those retired individuals who reached age 70½ in 2019, the first RMD was not due until December 31, 2021. For individuals who reached age 70½ in 2020, the first RMD is not due until after the individual turns 72. Individual whose 70<sup>th</sup> birthday was from July 1, 2019 through December 31, 2019, and who turned 72 in 2021, was required to take their first RMD by no later than April 1, 2022.

Because the changes imposed by the SECURE Act and CARES Act require plan service providers to update their automatic recordkeeping, notice, and distribution systems, some participants may not have timely received their initial RMDs, which could result in a 50% tax penalty to the participant. Plan administrators of tax-qualified retirement plans should confirm that all RMDs were distributed timely based on this change in rules. Discovering and correcting any late RMD failures early should increase the chances that the IRS will waive the tax penalty and reduce the risk that the plan sponsor will face a lawsuit from disgruntled retirees.