

CARES Act

Waiving Your RMD

CARES ACT

Summary of Relevant Provisions for Advisors and their clients that work with SEI

On March 27, 2020, President Donald Trump signed into law a \$2 trillion stimulus package titled the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The CARES Act is intended to lessen the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses, by providing various forms of emergency relief. The CARES Act is the third relief package in response to COVID-19 and the largest package in American history. The CARES Act covers a broad range of stimulus measures including:

- tax recovery rebates of up to \$1200 per individual and an additional \$500 per child, subject to limits;
- temporary expansion of unemployment benefits;
- changes to the rules governing employee benefit plans and IRAs, business income, losses and charitable contributions;
- various loan programs and grants for small businesses;
- employment-related tax credits and tax deferrals; and
- loans, grants and other forms of assistance to distressed industries.

This summary focuses on the relevant parts of the CARES Act that we believe are of interest to Advisors and their clients that work with SEI.

WAIVING YOUR RMD

If I am over age 70 ½ and normally would be required to take a required minimum distribution (RMD) in 2020. Do I still need to take it?

No. The CARES Act provides that the RMD rules do not apply for 2020. If you were otherwise required to take an RMD in 2020, you do not need to take it. If you turned age 70 ½ in 2019 and had until April 1, 2020, to take your RMD for 2019, you are not required to take either the RMD for 2019 or the RMD for 2020.

What if I already took an RMD in 2020?

If you already took an RMD in 2020 or your plan or IRA makes a distribution to you in 2020 that, but for the CARES Act, would have been an RMD, you can roll over that distribution to an IRA or retirement plan that will accept the rollover, provided the rollover requirements are otherwise satisfied. Additional IRS guidance on this issue may be forthcoming.

Independent Advisor Solutions by SEI, a strategic business unit of SEI Investments Company (SEI).

For additional information regarding the CARES Act, please visit <https://www.congress.gov/bill/116th-congress/house-bill/748/text>

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