

May 16, 2024

IRS Extends Relief from RMD Rules in 2024

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On April 16, 2024, the IRS issued additional transitional relief in [Notice 2024-35](#) ("2024 Notice") for certain required minimum distributions ("RMDs"). The latest relief extends the transitional relief that the IRS previously issued in [Notice 2022-53](#) ("2022 Notice") and [Notice 2023-54](#) ("2023 Notice").

Background

In 2019, Congress passed the Setting Every Community Up for Retirement Act of 2019 ("SECURE 1.0"), which increased the RMD age to 72 and added a new 10-Year Rule for trusts and certain individuals (which include an individual beneficiary who does not qualify as an Eligible Designated Beneficiary). This 10-Year Rule generally requires trusts and certain beneficiaries to distribute the remainder of their portion of a retirement account within 10 years of the account owners death.

In February 2022, the IRS released proposed regulations implementing the RMD changes in SECURE 1.0. In the proposed regulations, the IRS said that the 10-Year Rule applied *in addition to* the "at least as rapidly" rule. In general, the "at least as rapidly" rule provides that if the participant dies after the participants required beginning date for taking RMDs, then the RMDs for years after the participants death must continue based on the participants life expectancy (or for a "designated beneficiary," such as surviving spouse, over the beneficiary's life expectancy if longer). Pursuant to the proposed regulations, the 10-Year Rule requires that RMD payments continue to be paid out in each of the 10 years following the death of a participant or IRA owner. For eligible designated beneficiaries, payments may continue over the beneficiary's life expectancy and would not be required to be paid out under the 10-Year Rule.

As we discussed [here](#), many plan administrators, payors, and beneficiaries were surprised that the 2022 proposed regulations took the position that the new 10-Year Rule applied in addition to the "at least as rapidly" rule. As a result, many individuals had not taken RMDs for 2020 or 2021 under the assumption that the annual RMD is not due until the entire account is distributed in the last year of the 10-year period. To lessen these concerns, the IRS provided broad relief from its interpretation in the 2022 Notice for a "specified RMD" that would have otherwise been required in 2021 and 2022. The IRS then [extended this relief](#) in the 2023 Notice for a "specified RMD" that would have otherwise been required in 2023 relating to deaths that occurred in 2020,



2021, or 2022.

Extended Relief for 2024

The IRS has again extended this relief in the 2024 Notice. As a result, beneficiaries who would otherwise be required to take a “specified RMD” in 2024 because of the IRS’s interpretation in the 2022 proposed regulations will not be subject to the excise tax for failure to take such RMD. Further, the IRS confirms that a plan will not be treated as having failed to satisfy the RMD requirements because it did not make a specified RMD. The definition of a specified RMD is aligned with the IRS’s definition of a specified RMD in the 2022 Notice and 2023 Notice, except that it is extended to RMDs for 2024 relating to deaths that occurred in 2020, 2021, 2022, or 2023.

Final RMD Regulations Forthcoming

The 2024 Notice also provides that the final regulations implementing the RMD changes are anticipated to apply for determining RMDs for calendar years beginning on or after January 1, 2025. This suggests that the proposed RMD regulations may be finalized in the coming months.