December 27, 2024

IRS Announcement 2025-2 Delays Applicability Date of RMD rules in 2024 Proposed Regulations to 2026 Distribution Calendar Year

by R. Sterling Perkinson , Sanyam D. Parikh

On December 18, 2024, the IRS issued Announcement 2025-2 which states that the IRS intends to extend the applicability date of many of the 2024 proposed regulations that provide guidance on the required minimum distribution (RMD) rules under the SECURE Act and SECURE 2.0 Act. The applicable 2024 proposed regulations, when eventually finalized, are now expected to apply beginning in the 2026 distribution calendar year, rather than beginning January 1, 2025, as originally proposed. Announcement 2025-2 does not change the January 1, 2025 effective date of the RMD final regulations that were published simultaneously with the 2024 proposed regulations. (See our earlier blog post on the 2024 final regulations and proposed regulations.)

The 2024 proposed regulations covered SECURE Act and SECURE 2.0 Act RMD changes that the final regulations did not address. Specifically, the 2024 proposed regulations covered the following topics:

- Determination of the applicable age for employees born in 1959.
- Partial annuitization of an individual's account in a defined contribution plan.
- Distributions from designated Roth accounts.
- Treatment of corrective distributions following missed RMDs.
- Surviving spouse's election to be treated as the employee.
- Effect of divorce after the purchase of a QLAC.
- Distribution to a trust beneficiary.

Following the publication or the final and proposed RMD regulations on July 19, 2024, the IRS received comments at a September 24, 2024, public hearing about concerns in meeting the January 1, 2025 applicability date. As a result, the IRS stated that the provisions of the 2024 proposed regulations amending Treas. Regs. §§1.401(a)(9)-4, 1.401(a)(9)-5, and 1.401(a)(9)-6 are anticipated to apply beginning in the 2026 distribution calendar year. This delay applies to all of the 2024 proposed regulation changes other than the determination of the applicable age for employees born in 1959, which by its terms does not apply until 2033.

Importantly, the IRS stated in its announcement that, for periods before the applicability date of the amendments, taxpayers must apply a reasonable, good-faith interpretation of the statutory provisions underlying the amendments.