

## IRS Finalizes Required Minimum Distribution Regulations

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The IRS recently published its final regulations addressing changes to Tax Code Section 401(a)(9), relating to required minimum distributions (RMDs), under the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE 1.0) and SECURE 2.0. Most notably these regulations address the calculation and timing of RMDs from qualified pension and 401(k) plans, as well as 403(b) and 457(b) plans, among others. Most plan sponsors are already aware of the major change to RMD administration under SECURE 1.0 and 2.0: the increase to the applicable age for RMDs to 73 (and eventually 75).

These final regulations clarified another key change that did not get as much attention, which relates to RMDs following a participant's death, the timing of which will depend on who the beneficiary is. Where a participant dies before his/her RMDs begin, defined contribution plans can no longer provide for payments spanning the life of a beneficiary, unless that beneficiary is a spouse, minor child, disabled, or chronically ill, or the beneficiary is not more than 10 years younger than the participant (each an "Eligible Designated Beneficiary"). Otherwise, RMD payments cannot exceed 10 years from the death of the participant in the case of a designated beneficiary (i.e., an individual who is not an Eligible Designated Beneficiary) or five years in the case of a non-designated beneficiary (i.e., non-person beneficiaries, such as trusts). When a participant dies after his/her required beginning date, the final regulations clarify that a beneficiary may continue to receive RMD payments at least as rapidly as the

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### Practice Areas

IRS, DOL and PBGC Audit  
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distribution method chosen by the participant, but in no case longer than the 10-year or 5-year rule with respect to beneficiaries who are not Eligible Designated Beneficiaries.

These new rules add complexity to the already complex arena of RMDs, and generally will require plan amendments. Plan sponsors are advised to discuss any questions regarding the final regulations, RMDs, necessary amendments, or how these rules will impact the plan and its administration, with an experienced employee benefits attorney.