



May 15, 2020

Good afternoon!

As you may know, The **CARES Act** (Coronavirus Aid, Relief and Economic Security Act) was signed into law on Friday March 27, 2020. The Act provides \$2.2T of economic relief to individuals and businesses all across the United States. Although there are many provisions within the 883-page Act, one provision that stands out amongst the others is the option to **skip Required Minimum Distributions (RMD's) for 2020**. This includes both Traditional IRA RMD's and Beneficiary IRA RMD's.

Here are the things to consider:

- 1. For clients who do not rely on RMD's for income or who can skip their RMDs, this creates an excellent opportunity to skip your RMDs for the year.** By skipping your RMDs, we can potentially create tax savings for you. Let us know if you would like to skip your RMDs for the rest of 2020 and we will put a halt to them. If you still need additional income but would prefer to take the income from your taxable accounts to save taxes, then we can do that, too.
- 2. And with the decreased taxable income from not taking RMD's, a client can pursue Roth Conversions without having to worry about creating excessive taxable income.** Additionally, with the market taking significant losses in the first quarter of 2020, Roth Conversions may be more beneficial, as securities will be converted at discounted prices which provides for additional tax free growth once the market bounces back.
- 3. For clients who have already taken all or a portion of their RMD for 2020 (and do not rely on the income), it is possible not only to halt any future RMD's but also potentially return RMD's that have already been taken.** If the RMD was taken within the last 60 days, then returning the RMD would be classified as a "60-day Rollover" that is allowed once per calendar year. Once again, halting and/or returning RMD's will potentially decrease taxable income for the calendar year 2020,

which is a good thing. Beneficiaries of inherited IRAs are not able to exercise this option.

If you would like to schedule a call to discuss your RMDs (or anything else), please let us know as we would be happy to help you to save taxes and have your accounts grow. Have a great day and stay safe!

Thank you and Regards,

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Wealth Manager

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