

# Q2 Fiduciary Legal Briefing

## Third Consecutive Required Minimum Distributions (RMD) Waiver for 2024

The IRS issued a notice stating that certain 10-year beneficiaries will have an automatic waiver applied rather than paying the excise tax for 2024. Due to this, these beneficiaries who are obligated to take out the annual required minimum and are subject to the 10-year rule will receive a waiver for the 25% excise tax that could be applied to their 2024 RMDs instead. Although the excise tax is waived, the RMDs are not, this can assist you with your future financial decisions and RMD obligations.

## Background

The “SECURE 2.0 Act of 2022,” Section 107 under Division T of the Consolidated Appropriations Act, 2023 has amended section 401(a)(9)(C) allowing a delay in the required start date applicable to section 401(a) plans and other retirement plans mentioned in section 402(c)(8) that are eligible, including IRAs.

- This amendment made to section 401(a)(9)(C) will affect those who turn 72 after December 31, 2022.
- When an IRA owner reaches the age of 72 after December 31, 2022, and reaches the age of 73 before January 1, 2033, the new beginning date in which the RMDs must start is now April 1 of the following calendar year after the individual has reached the age of 73. Rather than previously, in which an individual had to begin April 1 of the following calendar year in which the individual turns the age of 72.
- Therefore, IRA owners who reach the age of 72 in 2023 (individuals born in 1951) will have a required start date of April 1, 2025, rather than April 1, 2024. This also means that these IRA owners will have no RMD due in 2023 from their IRAs.