

CARES Act lets you skip your 2020 distribution

Did you know that you can waive your 2020 required minimum distributions (RMDs) as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was enacted in March?

The RMD waiver was intended to help investors conserve their retirement assets in the wake of the coronavirus pandemic and the associated market volatility. However, we recognize that many clients rely on RMDs to meet their spending needs. If you haven't taken your 2020 RMD, you can either skip it or proceed with distribution(s) to satisfy your personal circumstances.

If you prefer to keep your money invested, the CARES Act also offers added flexibility to "roll back" distributed RMDs to an IRA or employer-sponsored plan.

RMD waiver guidelines

The RMD waiver applies to both:

- 2020 RMDs, including ones from IRAs, inherited IRAs, and employer-sponsored plans such as 401(k) plans.
- 2019 RMDs due by April 1, 2020, for individuals who turned 70½ last year and didn't take the RMD before January 1, 2020.

How do I reinvest (roll back) a distributed RMD?

If you've already taken RMDs in 2020, you may be able to roll them back to an IRA or employer-sponsored plan (if the plan permits). The IRS has extended the 60-day rollover deadline to July 15, 2020, for distributions, including RMDs, for which the 60-day rollover deadline would've fallen between April 1, 2020, and July 15, 2020. As a result of this extension, individuals who received an RMD between February 1, 2020, and May 15, 2020, likely have until July 15, 2020, to complete the rollover. If you took a January distribution, unfortunately it doesn't fall within the extended rollover window. Keep in mind that:

- Distributions from IRAs are also subject to 1 rollover per 365 days. You can find more information about rollover rules at [irs.gov](https://www.irs.gov).
- IRS rules do not permit distributions from inherited IRAs to be rolled over.
- The IRS may issue additional rollover guidance in the future.

If you'd like to roll back an RMD to an IRA, follow the steps found here: [vanguard.com/caresrmd](https://www.vanguard.com/caresrmd)

If you've already contacted us about the 2020 RMD changes, you don't need to take any further action.

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