



November 30, 2009 Deadline for Suspension of Age 70½ RMD Under Qualified Retirement Plans

Employment, Labor & Benefits Practice Group

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PRACTICE AREAS

Employee Benefits

The IRS recently published Notice 2009-82. The Notice provides some relief from the age 70½ "required minimum distribution" (RMD) rules for 2009. The relief will affect whether a participant is required to take an RMD in 2009 from a qualified retirement plan or 403(b) tax deferred annuity.

Employers have until November 30, 2009 to put administrative practices and procedures in place for RMDs. No plan amendments are required until 2011. The steps for implementing the procedures follow:

1. Determine if the plan has any participants who are subject to an RMD in 2009.
2. If so, determine whether the plan will:
 - a. pay out the 2009 RMDs in accordance with the plan's current provisions without participant choice;
 - b. suspend each 2009 RMD absent a participant's affirmative election to receive the RMD; or
 - c. pay out each 2009 RMD absent a participant's affirmative election to suspend the RMD.
3. Determine if the plan will accept a rollover of an RMD back into the Plan, if a participant has already received an RMD for 2009.
4. Determine if the plan will allow a direct rollover of a suspendable RMD from the Plan into an IRA.

The plan sponsor is not required to notify participants of the 2009 options. However, if a change is made from the current document provision, then participants should be notified, so that any participant who received an RMD before October 1, 2009 can take advantage of the change. Whatever administrative action is taken by the employer must be incorporated into the 2011 amendment.

Please let your benefits counsel know if you have questions about the permissive suspension of the RMD for 2009.
