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The \$2 trillion relief package titled, "Coronavirus Aid, Relief, and Economic Security Act," enacted on March 27, 2020 included in the massive bill are several relief provisions for retirement accounts. The one that will affect most retirees is the waiver of Required Minimum Distributions "RMDs" for 2020.

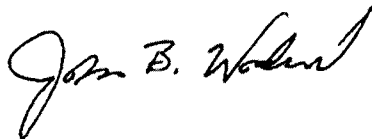
This will be a huge help because 2020 RMDs would generally be based on the substantially higher account values at December 31, 2019. Here's how: The Dow closed at 28,462 on December 31. As of March 26, 2020, the Dow was hovering around 22,000. If not for this relief, IRA owners would be forced to withdraw and pay tax on a much higher percentage of their IRA balance. Eliminating the RMD for 2020 can help clients reduce their 2020 tax bill. However, this won't help those who need the funds and must take withdrawals anyway. This will not affect any new hereditary IRA accounts that were opened after January 1, 2020.

What it means for 2019 RMDs not yet taken: The RMD waiver also applies to 2019 RMDs that are normally due by April 1, 2020.

In another bit of positive news, the waiver applies to IRA owners who turned 70 ½ in 2019. This could be a surprise to some because the Secure Act had increased the RMD age to 72 for those who turn 70 ½ in 2020 or later. Those who turned age 70 ½ in 2019 were still required to take their first RMD by April 1, 2020. Now, that RMD is waived.

If you have any questions concerning your RMD please call our staff and we will be glad to help.

Sincerely,



John B. Woodard