

Required Minimum Distributions Repealed for 2009

The Worker, Retiree and Employer Recovery Act of 2008, signed into law December 23, 2008, provides relief to retirees by waiving the Required Minimum Distribution (RMD) payment for the 2009 tax year. This change allows people to avoid selling investments that have lost value and keep money tax deferred in the retirement plan.

For employers offering plans, the legislation also includes technical corrections to the Pension Protection Act of 2006. Key provisions include:

- effective for plan years beginning after December 31, 2009 qualified plan sponsors are required to allow non-spouse beneficiaries to directly roll the funds into a beneficiary IRA (previously, that provision was optional);
- plan participants who have Roth 401 (k) and Roth 403 (b) funds may roll them into a Roth IRA, even though their Modified Adjusted Gross Income (MAGI) exceeds the contribution eligibility limits; and
- relief for single employer and multi-employer defined benefit plans.

To learn more about RMD rules, go to the IRS's Retirement Plans FAQ page.