


MEMORANDUM

TO: OUR CLIENTS AND PROFESSIONAL COLLEAGUES
FROM: EUGENE GORRIN, ESQ. 
RE: COVID-19 RETIREMENT PLAN RELIEF
DATE: APRIL 22, 2020

In late March, Congress passed and the President signed the CARES Act - a massive economic relief package which included several measures relating to retirement plans. These measures were in addition to earlier relief provided by the IRS.

The following is a recap of the various retirement plan relief provisions.

Postponement of 2019 IRA Contribution Deadline. In Notice 2020-18, the IRS pushed back the deadline for individual retirement account ("IRA") contributions for the 2019 tax year from April 15, 2020 to July 15, 2020.

Penalty Free Early Withdrawals. The CARES Act waives the 10% early withdrawal penalty for coronavirus-related distributions from retirement plans and provides the option of recontributing the funds for up to 3 years after such distributions are made.

A "coronavirus-related distribution" is any distribution from an eligible retirement plan (including IRAs and 401(k) plans) made: (a) on or after January 1, 2020 and before December 31, 2020; (b) to an individual who experiences any of the following with respect to the virus SARS-CoV-2 or coronavirus disease 2019 (COVID-19):

(1) being diagnosed with such virus or disease by a test approved by the Centers for Disease Control and Prevention;

(2) having a spouse or dependent who is so diagnosed; or

(3) who, due to such virus or disease, experiences adverse financial consequences as a result of:

- being quarantined, furloughed or laid off;
- having work hours reduced;
- being unable to work due to lack of child care;
- closure or reduction of hours of a business owned or operated by the individual; or
- other factors as determined by the Secretary of the Treasury.

The administrator of an eligible retirement plan may rely on the account owner's certification that he or she satisfies these conditions in determining whether any distribution is a coronavirus-related distribution.

Any individual who receives a coronavirus-related distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, recontribute the funds to an eligible retirement plan of which such individual is a beneficiary.

Required Minimum Distribution Rules Waived. The CARES Act waives the required minimum distribution rules for 2020 for defined contribution plans, including an eligible deferred compensation plan, and individual retirement plans.

Please contact me if you have any questions about coronavirus-related retirement plan relief measures.