

## **NOTICE 2009-9 – GUIDANCE ON SUSPENSION OF 2009 REQUIRED MINIMUM DISTRIBUTIONS**

### **EXECUTIVE SUMMARY:**

Notice 2009-9 provides guidance to financial institutions on reporting required minimum distributions (RMDs) for 2009 in response to the enactment of the Worker, Retiree, and Employer Recovery Act of 2008 (“the Act”).

### **FACTS:**

Notice 2009-9 summarizes the suspension of 2009 RMDs by the Act. The Notice makes it clear that 2008 RMDs that can be delayed until April 1, 2009 must still be taken because the Act only suspends the requirement to take RMDs for the 2009 tax year (rather than RMDs from a prior year that can be delayed until 2009). For example, if a taxpayer turns 70 ½ in 2008, they can delay their 2008 RMD until April 1, 2009. The suspension of the 2009 RMDs, however, does not apply to such taxpayer’s 2008 RMD even though such RMD does not need to be taken until 2009.

In addition, if a beneficiary must take RMDs under the five-year rule (i.e. the IRA must be completely liquidated by December 31<sup>st</sup> of the year containing the fifth anniversary of the IRA owner’s death) and the fifth year is in 2009, the Notice states that the account does not have to be liquidated until 2010 (effectively taking distributions over a six-year rather than a five-year period).

Notice 2002-27 requires that an IRA trustee must provide a statement to the IRA owner regarding RMDs. The IRA trustee must either furnish the IRA owner with a statement of the amount of the RMD for the calendar year and the date by which such amount must be distributed, or a statement that: (1) informs the IRA owner that a RMD is required and the date by which such amount must be distributed and (2) includes an offer to furnish the IRA owner, upon request, with a calculation of the amount of the RMD. In light of the suspension of 2009 RMDs, Notice 2009-9 provides that the RMD information required under Notice 2002-27 need not be sent to IRA owners for 2009. If a financial institution sends a separate RMD statement to an IRA owner, either initially or in response to the owner’s request for the financial institution to calculate the RMD for 2009, the financial institution must show the RMD for 2009 as zero. Alternatively, the financial institution may send the IRA owner a statement showing the RMD that would have been required but for the waiver of RMDs for 2009, along with an explanation of the waiver for 2009.

### **COMMENT:**

Individuals, including beneficiaries, who are not required to take RMDs in 2009 should consider their investment and retirement goals, their marginal tax rates and their age when contemplating what distributions, if any, to take from the account.

HOPE THIS HELPS YOU HELP OTHERS

Bob Keebler

**CITES:** Notice 2009-9, 2009-5 IRB, Worker, Retiree, and Employer Recovery Act of 2008, P.L. 110-458. Notice 2002-27, 2002-1 CB 814