



RMD Change Delayed Until 2023 For Inherited IRAs

In [Notice 2022-53](#); [2022-44 I.R.B. 1](#), the IRS announced that proposed new required minimum distributions under a 10-year distribution plan will be delayed from 2022 to 2023.

The IRS previously issued proposed regulations (REG-105954-20) that described procedures that could become applicable for taking required minimum distributions (RMDs) under the 10-year payout method.

Section 401(a)(9)(H) was added by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). Under the SECURE Act, the majority of beneficiaries of qualified plans are no longer able to take distributions over their life expectancy. Instead, most beneficiaries are required to take all distributions within a 10-year period. This 10-year rule does not apply to eligible designated beneficiaries (EDBs). Generally, the exceptions for EDBs apply to minor children or other family members who either have a chronic illness or disability under the federal rules.

The SECURE Act applied only to distributions after December 31, 2019. However, the proposed regulations created a new rule for RMDs that was to apply in calendar year 2022. The requirement to take RMDs would be applicable under Prop. Reg. 1.401(a)(9)-5(D)(1)(i) if the IRA owner passed away after his or her required beginning date.

The proposed regulations created a new RMD rule that would require annual distributions during each of the 10 years. The remaining account balance must be distributed by the 10th calendar year after the calendar year of the IRA owner's death.

Notice 2022-53 modifies the proposed regulations and promises final regulations that will also include provisions for transition relief. However, the requirements to take RMDs will be delayed. The notice states, "Final regulations regarding RMDs under Section 401(a)(9) of the Code and related provisions will apply no earlier than the 2023 distribution calendar year."

GiftLaw Editor's Note: It was a shock to many financial professionals when the proposed regulations required RMDs to commence after the death of the IRA owner. The initial assumption was that the 10-year rule would be similar to the existing 5-year rule and there would be complete latitude to select the amount and timing of distributions. However, the final regulations are likely to specify rules and methods for calculating RMDs during the 10-year period. It appears that the final regulations will now be effective for RMD amounts for qualified retirement plan beneficiaries starting in 2023.