

February 13, 2009

Required Minimum Distributions Suspended for 2009

Congress has temporarily suspended the law requiring minimum distributions from IRAs and qualified defined contribution plans, including 401(k) plans (the Worker, Retiree, and Employer Recovery Act of 2008 (the "Act")). The Act suspends for one year (2009) the tax on individuals age 70½ and older who do not take the required minimum distributions from these retirement accounts. Beneficiaries of inherited IRAs are also not required to take a minimum distribution in 2009. If an individual reaches age 70½ in 2009, no distribution is required until December 31, 2010. However, because the Act is only effective for 2009, it does not apply to a required minimum distribution for an individual who turned 70½ in 2008 and chose to defer his or her first required minimum distribution until April 1, 2009. In the case of an IRA beneficiary who has chosen to take distributions over a five-year period after the death of the IRA owner, the five-year period is determined without regard to the 2009 calendar year (e.g., with respect to an IRA owner who died in 2007, the 5-year period ends in 2013 rather than 2012). Beginning in 2010, individuals receiving distributions from retirement plans will again be required to comply with the required minimum annual distribution rules.

If you have any questions, please feel free to contact one of the attorneys listed below.

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