

## ***LATE BREAKING DEVELOPMENTS***

### ***New Pension Relief Act suspends 2009 minimum distributions***

The “Worker, Retiree and Employer Recovery Act of 2008” (WRERA) *temporarily* suspends the requirement that IRA owners, beneficiaries and retired participants with Defined Contribution (DC) plan balances take their *Required Minimum Distributions (RMD’s) after attaining age 70½*. “WRERA” will only affect the RMD’s due for the 2009 tax year.

***RMD’s due for the 2008 tax year are still required to be taken***, including those for individuals who attained age 70½ in 2008 whose 1<sup>st</sup> payment isn’t due until 4/1/2009. Failure to take the RMD results in a 50% penalty tax on the undistributed amount.

This temporary suspension of the RMD requirement for 2009 does NOT apply to Defined Benefit Plans and Cash Balance Plans, both of which must continue to satisfy the RMD rules for 2009. Only Defined Contribution Plans (i.e., Profit Sharing, Money Purchase, 401(k), 403(a), 403(b) and 457(b)) are eligible.

For beneficiaries receiving RMD’s based on the “five year” rule (i.e., all death benefits paid by the end of the calendar year containing the 5<sup>th</sup> anniversary of the IRA owner’s/DC Plan Participant’s Date of Death), the 2009 year will be disregarded, thus extending the five year period by one year.

The RMD rules will again become effective for the 2010 tax year.