



# ED SLOTT'S IRA ADVISOR

August 2024

Tax & Estate Planning for Your Retirement Savings

## WHAT'S INSIDE?

**IRS Releases RMD Regulations and Keeps Controversial Annual RMD Rule for the 10-Year Period**

<Page 1>

**401(k) In-Plan Conversions Open Up Roth Accounts for Younger Employees**

- What Is an In-Plan Conversion?
- Tax Consequences
- Advisor-Client Conversations

<Pages 2-4>

**Executive Summary**

<Page 2>

**No 60-Day Rollover Relief After Mistaken Conversion**

- Background
- PLR 202423009

<Pages 4-6>

**GUEST IRA EXPERT:**

**Donald W. Cash,  
CPA, CFP®**

Donald W. Cash  
& Associates, LLCt  
Freehold, NJ

**Untaxed Roth  
Conversions for Long-  
Term Care**

<Pages 6-8>

Join the Retirement  
Planning Conversation



## IRS Releases RMD Regulations and Keeps Controversial Annual RMD Rule for the 10-Year Period

On July 18, 2024, the IRS issued [final required minimum distribution \(RMD\) regulations under the 2020 SECURE Act](#). For the most part, the 260 pages of final regulations are taxpayer friendly and helpful for IRA owners, plan participants and their beneficiaries. However, the IRS is standing firm and maintaining its strict interpretation of one provision that has generated a lot of controversy.

When the SECURE Act became law in 2020, most nonspouse beneficiaries lost the ability to stretch payments over their life expectancy. Instead, these beneficiaries became subject to a 10-year payout rule. In the wake of the SECURE Act, the IRS proposed regulations took the controversial position that, if the account holder died on or after his required beginning date for starting RMDs, then annual RMD payments must continue to the beneficiary during the 10-year period. The IRS based its interpretation on a long-standing provision in the tax code often referred to as the "at least as rapidly rule." Due to all the confusion the interpretation caused, the IRS previously waived RMDs during the 10-year period for beneficiaries for the years 2021, 2022, 2023, and 2024.

In the newly released final regulations, the IRS is doubling down on its position that these annual RMDs are required and must be taken starting in 2025. However, the IRS will waive penalties for annual RMDs that were not taken for years before 2025.

Also on July 18, the IRS issued [proposed regulations on the RMD rules from the SECURE 2.0 Act of 2022](#). One significant part of these proposed regulations is the IRS's interpretation of section 327 of SECURE 2.0. Section 327 upended the RMD rules for surviving spouse beneficiaries of retirement accounts.

## 401(k) In-Plan Conversions Open Up Roth Accounts for Younger Employees

Many young 401(k) participants have already accumulated significant pre-tax contributions and want to move at least a portion of those funds into a Roth account.

*And for good reason:* Roth funds grow tax-free and can be distributed without taxes or penalty in a "qualified distribution" (i.e., after being held for at least five years and after age 59½).

**\$400  
OFF**

Promo Code:  
**NEWSLETTER**

**LIVE**

Ed Slott and Company's **VIRTUAL**  
2-Day IRA Workshop

**INSTANT IRA SUCCESS**



SEPTEMBER 19-20, 2024 | JOIN US! [irahelp.com/2-day](https://irahelp.com/2-day)

ORDER AT [IRAHELP.COM/NEWSLETTER](https://irahelp.com/newsletter) OR CALL (877) 337-5688

ED SLOTT'S IRA ADVISOR • AUGUST 2024

© 2024 Smart Subscriptions, LLC