**Abstract:** If you’re like many people, you’ve worked hard to accumulate a nest egg in your traditional IRA. Knowing the finer points of the distribution rules is critical — particularly as some of these rules have temporarily changed under the Coronavirus Aid, Relief and Economic Security (CARES) Act. This article covers the latest details.

**Taking distributions from your traditional IRA**

Like many people, you may have worked hard to accumulate a nest egg in your traditional IRA. Knowing the finer points of the distribution rules is critical — particularly as some of these rules have temporarily changed under the Coronavirus Aid, Relief and Economic Security (CARES) Act.

**Early distributions**

The COVID-19 pandemic has caused many people to take or consider taking early IRA distributions. The CARES Act allows you to withdraw up to $100,000 on or after January 1, 2020, and before December 31, 2020, on a tax-advantaged basis if you meet one of various conditions related to the COVID-19 crisis — even if you’re under age 59½.

If you qualify, the CARES Act waives the 10% early withdrawal penalty and allows you to spread the tax liability over three years. You can avoid tax by recontributing the withdrawn amount within three years (regardless of annual contribution limits in those years). We can help you determine whether you qualify.

**Required minimum distributions**

People with traditional IRAs generally must begin taking annual required minimum distributions (RMDs) by April 1 of the year following the year in which they reach age 72 (70½ if you turned 70½ before January 1, 2020). RMDs are also generally required for inherited retirement accounts regardless of the heir’s age (unless the heir is the original owner’s spouse).

The CARES Act allows you to skip a 2020 RMD. Doing so can allow funds to continue growing on a tax-advantaged basis. Plus, if the values of investments in your account have declined because of the economic downturn, taking a distribution means selling shares at a much lower price.

Remember, your RMD for 2020 is calculated based on the account’s value as of December 31, 2019. If that value has declined, the RMD will represent a larger percentage of the account’s total value than you originally anticipated. Skipping your 2020 RMD can enable you to maintain the account’s value as much as possible for another year in the hope that investment values will improve in the future.

**Keep more money**

Prudently planning how to take money out of your traditional IRA can mean more money for you and your heirs. Contact us to review your account as well as to discuss any aspect of retirement planning. Finally, be aware that the CARES Act relief discussed here can also apply to many employer-sponsored retirement plans, such as 401(k)s.

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