



Worker, Retiree, and Employer Recovery Act of 2008

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Legislation, the Worker, Retiree, and Employer Recovery Act of 2008, signed into law on December 23, 2008, suspended “required minimum distributions” (“RMDs”) from qualified retirement plans and IRAs for 2009. The RMD relief also applies to holders of tax sheltered annuity contracts described in Code Section 403(b), and participants in certain governmental plans covered by Code Section 457.

Under RMD rules, most participants in qualified plans and IRA account owners are generally required to begin taking distributions no later than April 1 of the year after they attain age 70-1/2. Failure to make an RMD triggers a 50% excise tax, payable by the individual or the individual’s beneficiary.

The Worker, Retiree, and Employer Recovery Act of 2008 provides a one year suspension of the RMD rules for 2009. Specifically, no minimum distribution is required for calendar year 2009 from: defined contribution plans (401(k) plans and profit sharing plans), tax sheltered annuities, 457(b) eligible deferred compensation plans and/or individual retirement accounts. The next RMD will be for calendar year 2010. For purposes of applying the RMD rules to calendar years to 2010 and later, an individual’s required beginning date will be determined without regard to one-year suspension of the RMD.

If you have any questions regarding this Legal Alert, please contact Michael Bogdan (mbogdan@kwgd.com) or Paul Malesick (pmalesick@kwgd.com) in the Krugliak, Wilkins, Griffiths & Dougherty Employee Benefits Section at 330-497-0700.

NOTE: This general summary of the law should not be used to solve individual problems since slight changes in the fact situation may require a material variance in the applicable legal advice.

