

# PALMER PENSION SERVICES, INC.

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The IRS recently issued Notice 2020-50 and Notice 2020-51 that provides some clarification and liberalized relief to the CARES Act that was detailed in the March 31, 2020 email blast we sent out.

The availability of COVID -19 Related Distributions (CRD) and Covid-19 Related Loans (CRL) was initially only permitted for Qualified Individuals who met the following criteria:

- who is diagnosed with COVID-19
- whose spouse or dependent is diagnosed with COVID-19
- who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19; or
- other factors as determined by the Treasury Secretary.

Notice 2020-50 expands the definition to include:

An individual who experiences adverse financial consequences because they, their spouse or member of their household as a result of Covid-19:

- has been quarantined, furloughed or laid off,
- having work hours reduced
- being unable to work due to lack of childcare
- having a reduction in pay (or self-employment income)
- having a job offer rescinded or start date delayed
- suffering closure or reduction of hours of a business owned or operated by the Qualified Individuals spouse of member of household

The CRD's will be available through 12/30/20 and the CRL's will be available through 9/23/20.

The Notice also clarified that the 3 year election to spread out taxes from a CRD is 1/3 each year and is irrevocable once the election is made when preparing 2020 taxes. A form 8515-E will be issued by the IRS for this purpose at a later date.

Notice 2020-51 clarifies that Required Minimum Distributions that were taken in 2020 can be rolled back into the Plan or IRA by August 31, 2020 instead of the normal 60 rollover rule.

Please feel free to contact our office if you have any questions.