

Part IV – Items of General Interest

Anticipated Applicability Date for Future Final Regulations Relating to Required Minimum Distributions

Announcement 2025-2

I. PURPOSE

This announcement provides that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) anticipate that certain portions of future final regulations relating to required minimum distributions (RMDs) under section 401(a)(9) of the Internal Revenue Code (Code) will apply no earlier than the 2026 distribution calendar year.

II. BACKGROUND

Section 401(a)(9) of the Code requires a stock bonus, pension, or profit-sharing plan described in section 401(a) (or an annuity contract described in section 403(a)) to make minimum distributions starting by the required beginning date (as well as minimum distributions to beneficiaries if the employee dies before the required beginning date). Individual retirement accounts and individual retirement annuities described in section 408(a) and (b), respectively, annuity contracts, custodial accounts, and retirement income accounts described in section 403(b), and eligible deferred

compensation plans under section 457(b) are also subject to the rules of section 401(a)(9) pursuant to sections 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2), respectively, and the regulations under those sections.

The Treasury Department and the IRS published proposed regulations regarding RMDs under section 401(a)(9) and related provisions in the Federal Register on February 24, 2022 (87 FR 10504). The 2022 proposed regulations reflected changes made by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), enacted on December 20, 2019, as Division O of the Further Consolidated Appropriations Act, 2020, Pub. L. 116-94, 133 Stat. 2534 (2019), and also included a comprehensive update and restatement of the regulations under section 401(a)(9).

After the 2022 proposed regulations were issued, the SECURE 2.0 Act of 2022 (SECURE 2.0 Act) was enacted as Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328, 136 Stat. 4459 (2022). The SECURE 2.0 Act included a number of provisions relating to RMDs. After considering the comments received in response to the 2022 proposed regulations and reviewing the changes made in the SECURE 2.0 Act, the Treasury Department and the IRS determined that certain of those changes could be included in final regulations, but that other changes should be addressed in new proposed regulations. Accordingly, on July 19, 2024, the Treasury Department and the IRS published final regulations regarding RMDs under section 401(a)(9) and related provisions in the Federal Register (89 FR 58886) and also published proposed regulations under section 401(a)(9) and related provisions (89 FR 58644).

With the exception of proposed § 1.401(a)(9)-5(a)(5)(v) (relating to the valuation of an annuity contract under the partial annuitization option provided for in section 204 of the SECURE 2.0 Act), the provisions of the 2024 proposed regulations were proposed to apply for purposes of determining RMDs for calendar years beginning on or after January 1, 2025 (so that they would begin to apply at the same time as the 2024 final regulations). In written comments and at the public hearing held on September 25, 2024, commenters raised issues regarding some of the provisions of the proposed regulations. Commenters were also concerned that it would be difficult to implement many of the provisions of the future final regulations in a timely manner if the January 1, 2025, applicability date set forth in the 2024 proposed regulations is retained in the final regulations. Commenters said that this difficulty arises from the expected timing of the future final regulations along with the uncertainty regarding the resolution of issues commenters raised. Commenters expressed specific concerns with the challenges of implementing the final regulations to be adopted pursuant to the proposed amendments to §§ 1.401(a)(9)-4, 1.401(a)(9)-5, and 1.401(a)(9)-6.

III. ANTICIPATED APPLICABILITY DATE OF FUTURE FINAL REGULATIONS

In response to concerns raised by commenters, the provisions of future final regulations amending §§ 1.401(a)(9)-4, 1.401(a)(9)-5, and 1.401(a)(9)-6 to be issued pursuant to the 2024 proposed regulations are anticipated to apply beginning in the 2026 distribution calendar year. For periods before the applicability date of these amendments, taxpayers must apply a reasonable, good-faith interpretation of the statutory provisions underlying the amendments.

IV. DRAFTING INFORMATION

The principal author of this announcement is Jessica Weinberger of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this announcement, contact Ms. Weinberger at 202-317-6349 (not a toll-free number).