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Important Tax Notice - The CARES Act and Extended Tax Deadlines – What this means for IRA accountholders.

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed. This act provides some relief for IRA accountholders. Here are some highlights:

- **RMDs:** Required Minimum Distributions from IRAs for 2020 can be suspended at the request of the accountholder. This means account holders can choose to skip (or suspend) their RMD
 - If account holders are already taking RMDs, they will continue uninterrupted unless they notify us that they wish to suspend.
- **Creation of a CRD (Corona Related Distribution):** The bill waives the 10% early withdrawal penalty for distributions up to \$100,000 for coronavirus-related purposes. Withdrawals are still taxed, but taxes are spread over three years or the taxpayer may roll the funds back into their IRA over a three-year period.
 - **Important Note:** This type of withdrawal will reduce the surrender value of the contract and may affect other guaranteed and non-guaranteed features. Surrender penalties may be assessed, based on contract provisions. We encourage those considering this type of distribution to consult with their tax advisor.

Extended Tax Deadline for Contributions: The deadline for making IRA contributions for 2019 has been extended. IRA contributions must now be postmarked by **July 15, 2020** for the 2019 tax year.

- To ensure that IRA and Roth IRA contributions are applied to the correct year, your clients must:
 - Include “2019” in the memo section on checks; or
 - State that the contribution is for 2019 in letters of intent.
 - Otherwise, we will consider contributions to be for the 2020 tax year. We will require policyholders to submit excess contribution forms should they notice later that contributions are for the incorrect tax year.
 - Please note that SEP funds are posted for the year we receive them.

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