

Coronavirus Webcast Correction

S. Derrin Watson

In our April 2, 2020 webcast with Steve Forbes, I said that coronavirus-related distributions (CRDs) of Roth or after-tax funds could be rolled over to an IRA within the 3-year CARES period but could not be rolled over to another plan. I based this on the general rollover rules which prohibit rollovers to plans of after-tax funds except in a direct trustee-to-trustee transfer.

I was wrong. CARES §2202(a)(3)(B) treats a CRD repayment as a rollover in “a direct trustee to trustee transfer within 60 days of the distribution.” I hadn’t focused on the significance of the trustee transfer phrase. That provision allows Roth and or after-tax amounts to be repaid to plans and treated as valid rollovers.

One of the problems of trying to be on the leading edge is that sometimes we end up on the bleeding edge. Please accept my apologies and thank you for participating in our webcast. Stay safe and well.