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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

OCT 24 2005

Uniform Issue List: 408.03-00

Financial Firm S =
Taxpayer A =
IRA X =
Financial Firm W =
Amount D =
Amount E =
Amount F =
Individual B =

Dear [REDACTED]

This is in response to your April 19, 2005, and July 25, 2005, letters, submitted on your behalf, by your authorized representative in which you request a waiver of the 60-day rollover requirement contained in section 408(d)(3) of the Internal Revenue Code (the Code).

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested:

In July 2003, Taxpayer A, after discussions with her brother, was persuaded that the investment performance of her individual retirement account, IRA X, at Financial Firm W was not as she expected. Accordingly, Taxpayer A met with Individual B of Financial Firm S. Taxpayer A informed Individual B that she wanted to open an IRA rollover account with the funds in IRA X, at Financial Firm W. Taxpayer A then endorsed two checks from Financial Firm W totaling Amount D which represented the balance in her IRA over to Financial Firm S.

Taxpayer A believed that Amount D was rolled over into an IRA at Financial Firm S until she received notice from the Internal Revenue Service in early 2005, and learned that her funds had not been rolled over into an IRA. On or about September 3, 2004, Taxpayer A withdrew Amount E from her account maintained with Financial Firm S.

Based on the facts and representations, you request that the Internal Revenue Service

waive the 60-day rollover requirement contained in section 408(d)(3) of the Code with respect to the distribution of Amount F (Amount D less Amount E).

Section 408(d)(1) of the Code provides that, except as otherwise provided in section 408(d), any amount paid or distributed out of an IRA shall be included in gross income by the payee or distributee, as the case may be, in the manner provided under section 72 of the Code.

Section 408(d)(3) of the Code defines, and provides the rules applicable to IRA rollovers.

Section 408(d)(3)(A) of the Code provides that section 408(d)(1) of the Code does not apply to any amount paid or distributed out of an IRA to the individual for whose benefit the IRA is maintained if -

- (i) the entire amount received (including money and any other property) is paid into an IRA for the benefit of such individual not later than the 60th day after the day on which the individual receives the payment or distribution; or
- (ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan (other than an IRA) for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to section 408(d)(3)).

Section 408(d)(3)(B) of the Code provides that section 408(d)(3) does not apply to any amount described in section 408(d)(3)(A)(i) received by an individual from an IRA if at any time during the 1-year period ending on the day of such receipt such individual received any other amount described in section 408(d)(3)(A)(I) from an IRA which was not includible in gross income because of the application of section 408(d)(3).

Section 408(d)(3)(D) of the Code provides a similar 60-day rollover period for partial rollovers.

Code section 408(a)(6) provides, in general, that rules similar to the rules of section 401(a)(9) shall apply to the distribution of the entire interest of an individual for whose benefit the trust is maintained.

Code section 408(d)(3)(E) provides that paragraph 408(d)(3) shall not apply to any amount to the extent such amount is required to be distributed under subsection (a)(6).

Section 408(d)(3)(I) of the Code provides that the Secretary may waive the 60-day requirement under sections 408(d)(3)(A) and 408(d)(3)(D) of the Code where the failure

to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. Only distributions that occurred after December 31, 2001, are eligible for the waiver under section 408(d)(3)(I) of the Code.

Revenue Procedure 2003-16, 2003-4 I.R.B. 359, (January 27, 2003) provides that in determining whether to grant a waiver of the 60-day rollover requirement pursuant to section 408(d)(3)(I), the Service will consider all relevant facts and circumstances, including: (1) errors committed by a financial institution; (2) inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country or postal error; (3) the use of the amount distributed (for example, in the case of payment by check, whether the check was cashed); and (4) the time elapsed since the distribution occurred.

The information presented on behalf of Taxpayer A indicates that Taxpayer A failed to accomplish a rollover due to the mistake of Financial Firm S to follow the taxpayer's instructions to deposit Amount D into a rollover IRA. Taxpayer A directed Individual B at Financial Firm S to complete the rollover. Because of error on the part of Individual B, Amount D was not rolled over into an IRA but was deposited into a non-IRA account.

Therefore, pursuant to Code section 408(d)(3)(I), the Service hereby waives the 60-day rollover requirement with respect to the withdrawal of Amount F, (Amount D less Amount E (previously used by Taxpayer A)). Pursuant to this ruling letter, Taxpayer A is granted a period of 60 days measured from the date of the issuance of this letter ruling to make a rollover contribution of an amount equal to Amount F to another IRA (or IRAs) described in Code section 408(a). Provided all other requirements of Code section 408(d)(3), except the 60-day requirement, are met with respect to such IRA contribution, the contribution will be considered a rollover contribution within the meaning of Code section 408(d)(3).

Pursuant to Code section 408(d)(3)(E), this letter ruling does not authorize the rollover of any amount required to be distributed in accordance with Code section 401(a)(9) (made applicable to an IRA under Code section 408(a)(6)), if any.


No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations, which may be applicable thereto.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter has been sent to your authorized representative in accordance with a Power of Attorney on file in this office.

If you wish to inquire about this ruling, please contact [REDACTED]
[REDACTED] Please address all correspondence to
SE:T:EP:RA:T3.

Sincerely yours,


Frances V. Sloan, Manager
Employee Plans Technical Group 3

Enclosures:
Deleted copy of letter ruling
Notice of Intention to Disclose