



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

200646022

AUG 14 2006

Uniform Issue List: 408.03-00

SE: T: EP: RA: TI

Legend:

Taxpayer A =

IRA B =

IRA C =

Financial Institution D =

Account E =

Account F =

Bank G =

Amount 1 =

Amount 2 =

Amount 3 =

Amount 4 =

Amount 5 =

Dear :

This letter is in response to a request for a letter ruling dated May 23, 2005, as supplemented by additional correspondence dated December 5, 2005, January 26, April 19 and July 10, 2006, from 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 ("Code").

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

Taxpayer A, age 65, represents that she received distributions from IRA B and IRA C ("IRAs B&C") totaling Amount 1 and Amount 2, respectively. Taxpayer A asserts that her failure to accomplish a rollover within the 60-day period prescribed by section 408(d)(3) was due to Taxpayer A's medical condition and treatments which impaired her ability to accomplish a timely rollover.

Taxpayer A maintained IRAs B&C with Financial Institution D. Taxpayer A represents that she withdrew the entire balance in IRAs B&C, Amount 1 and Amount 2 respectively, on October 22, 2004, with the intention of rolling those amounts into other IRAs at another financial institution. Taxpayer A represents that she intended to change investment vehicles because of a decrease in value in IRAs B&C. On October 29, 2004, Taxpayer A had surgery which required her to be immobile until November 17, 2004. On November 19, 2004, Taxpayer A's sister made deposits of Amount 3 into an existing non-IRA money market account, Account E, and Amount 4 into an existing non-IRA checking account, Account F, with Bank G. These deposits were at the direction of Taxpayer A with the intention of holding the funds until a decision was made on a rollover IRA. Due to Taxpayer A's continuing medical condition which ultimately resulted in the amputation of her leg, she was not able to complete the rollover within the 60-day period. Since the expiration of the 60-day period, Taxpayer A has used Amount 5 for personal use relating to her medical condition and therefore requests a waiver for Amount 3.

Based on the above facts and representations, the Taxpayer requests that the Internal Revenue Service (the "Service") waive the 60-day rollover requirement with respect to the distribution of Amount 3 contained in section 408(d)(3) of the Code.

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

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(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.

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.

Rev. Proc. 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 and documentation submitted by Taxpayer A is consistent with her assertion that her failure to accomplish a timely rollover was due to her hospitalization, subsequent rehabilitation and continuing medical condition during the 60-day rollover period.

Therefore, pursuant to section 408(d)(3)(I) of the Code, the Service hereby waives the 60-day rollover requirement with respect to the distribution of Amount 3. Taxpayer A is granted a period of 60 days from the issuance of this ruling letter to contribute Amount 3 into a Rollover IRA. Provided all other requirements of section 408(d)(3) of the Code, except the 60-day requirement, are met with

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respect to such contribution, Amount 3 will be considered a rollover contribution within the meaning of section 408(d)(3) of the Code.

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 ruling has been sent to your authorized representative pursuant to a power of attorney on file in this office. If you wish to inquire about this ruling, please contact , SE:T:EP:RA:T1, (ID) at .
Please address all correspondence to SE:T:EP:RA:T1.

Sincerely yours,



Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Enclosures:

Deleted copy of ruling letter

Notice of Intention to Disclose, Notice 437

cc: