



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

OCT 27 2006

Uniform Issue List: 408.03-00

Legend:

Taxpayer A

IRA B

IRA C

Financial Institution D

Bank E

Account F

IRA G

IRA H

Amount 1

Amount 2

Amount 3

Dear

This letter is in response to a request for a letter ruling dated _____ as
supplemented by correspondence dated _____
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 77, represents that she received a distribution from IRA B and IRA C (IRAs B&C) totaling Amount 1. Taxpayer A asserts that her failure to accomplish a rollover within the 60-day period prescribed by section 408(d)(3) was due to mistakes by Bank E.

Taxpayer A represents that in April 2004, she completed paperwork provided by Bank E intending to transfer IRAs B&C from Financial Institution D to Bank E. Taxpayer A received a check, in Amount 1, from Financial Institution D dated . . .

The check was made out directly to Bank E as "successor custodian for Taxpayer A's IRA rollover". Taxpayer A delivered this "direct rollover" check to Bank E to be deposited into an IRA . However, on a representative of Bank E deposited Amount 1 in a non-IRA CD, Account F. The mistake was discovered in November 2005 when Taxpayer A attempted to effectuate another rollover with an insurance company. Bank E has provided documentation acknowledging the error.

In February 2006, Taxpayer A received a distribution of Amount 2 and placed Amount 3 in IRA CDs, IRA G and IRA H (IRAs G&H), and seeks a waiver on Amount 3.

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

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.

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 the documentation submitted by Taxpayer A is consistent with her assertion that her failure to accomplish a timely rollover was caused by an error committed by Bank E.

Therefore, pursuant to Code section 408(d)(3)(I), the Service hereby waives the 60-day rollover requirement with respect to the distribution of Amount 3 from IRAs B&C. Provided all other requirements of section 408(d)(3) of the Code, except the 60-day requirement, are met, the deposit of Amount 3 into IRAs G&H on _____ 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.

200703043

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, at . Please address all correspondence to SE:T:EP:RA:T1.

Sincerely yours,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Enclosures:

Deleted Copy of this Letter
Notice of Intention to Disclose, Notice 437

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Amount 1

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Dear

This letter is in response to a request for a letter ruling dated January 4, 2006, as supplemented by correspondence dated September 20, September 21, and October 14, 2006, 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 77, represents that she received a distribution from IRA B and IRA C (IRAs B&C) totaling Amount 1. Taxpayer A asserts that her failure to accomplish a rollover within the 60-day period prescribed by section 408(d)(3) was due to mistakes by Bank E.

Taxpayer A represents that in April 2004, she completed paperwork provided by Bank E intending to transfer IRAs B&C from Financial Institution D to Bank E. Taxpayer A received a check, in Amount 1, from Financial Institution D dated April 12, 2004. The check was made out directly to Bank E as "successor custodian for Taxpayer A's IRA rollover". Taxpayer A delivered this "direct rollover" check to Bank E to be deposited into an IRA. However, on April 29, 2004, a representative of Bank E deposited Amount 1 in a non-IRA CD, Account F. The mistake was discovered in November 2005 when Taxpayer A attempted to effectuate another rollover with an insurance company. Bank E has provided documentation acknowledging the error.

In February 2006, Taxpayer A received a distribution of Amount 2 and placed Amount 3 in IRA CDs, IRA G and IRA H (IRAs G&H), and seeks a waiver on Amount 3.

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

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).

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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.

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The information presented and the documentation submitted by Taxpayer A is consistent with her assertion that her failure to accomplish a timely rollover was caused by an error committed by Bank E.

Therefore, pursuant to Code section 408(d)(3)(I), the Service hereby waives the 60-day rollover requirement with respect to the distribution of Amount 3 from IRAs B&C. Provided all other requirements of section 408(d)(3) of the Code, except the 60-day requirement, are met, the deposit of Amount 3 into IRAs G&H on February 3, 2006, 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.

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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, at . Please address all correspondence to SE:T:EP:RA:T1.

Sincerely yours,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

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