



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

200906060

NOV 13 2008

Uniform Issue List: 408.03-00

Legend:

Taxpayer A	=
Taxpayer B	=
Insurance Company B	=
Insurance Company C	=
Bank I	=
Amount D	=
Amount E	=
Amount F	=
Date G	=
Date H	=
IRA X	=

IRA Y	=
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Dear

This is in response to your request dated April 16, 2007, as supplemented by additional correspondence dated September 10, 2007, for 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.

Taxpayer A, age 68, represents that she received a distribution of Amount D from IRA X and Amount E from IRA Y (totaling Amount F), both of which were individual retirement annuities established by her deceased husband. Taxpayer A asserts that her failure to accomplish a rollover of Amount F within the 60-day period prescribed by section 408 (d)(3) of the Code was due to her mental state following the death of her spouse and because she did not know that the distributions were from IRAs. Taxpayer A represents that Amount F has not been used for any other purpose and remains in Bank I.

On Date G, Taxpayer A received Amount D from Insurance Company B described as a death claim payment on her deceased husband, Taxpayer B. On Date H, Taxpayer A received Amount E from Insurance Company C which was also described as a death benefit payment on Taxpayer B. Taxpayer A asserts that none of the documentation that accompanied the checks indicated the distributions were from IRAs. Taxpayer A deposited Amount D in a Money Market Account with Bank I and Amount E in a Certificate with Deposit at Bank I within the 60-day rollover period. Taxpayer A did not know that these death claim distributions were from IRAs until she received Form 1099-Rs, which was after the 60-day rollover period had expired. Prior to his death, Taxpayer B handled all of the household financial affairs.

Based on the above facts and representations, you request that the Service waive the 60-day rollover requirement with respect to the distribution of Amounts D and 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 or 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 of the Treasury may waive the 60-day requirement under sections 408(d)(3)(A) and (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, 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 and documentation submitted by Taxpayer A is consistent with her assertion that her failure to accomplish a rollover of Amounts D and E within the 60-day period prescribed by section 408(d)(3) of the Code was due to her mental state following the death of her spouse and she did not know that the distributions were from IRAs.

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 Amounts D and E. Taxpayer A is granted a period of 60-days from the issuance of this ruling letter to contribute Amounts D and E into rollover IRAs. Provided all other requirements of section 408(d)(3) of the Code, except the 60-day rollover requirement, are met with respect to such contributions, Amounts D and E will be considered rollover contributions 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 that may be applicable hereto.

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This ruling is directed solely 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 ruling is being sent to your authorized representative in accordance with a power of attorney on file with this office.

If you have any questions regarding this ruling, you may contact _____ at _____

Sincerely yours,



Donzell Littlejohn, Manager
Employee Plans Technical Group 4

Enclosures:

Notice of Intention to Disclose
Deleted copy of this letter

cc: