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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

APR 21 2009

Uniform Issue List: 402.00-00

SE: T: EP: RA: T1

Legend:

- Taxpayer A = *****
- Company A = *****
- Amount 1 = *****
- Plan X = *****
- IRA Y = *****
- Financial Institution A = *****

Dear *****,

This is in response to your request dated *****, as supplemented by correspondence dated *****, in which you request a waiver of the 60-day rollover requirement contained in section 402(c)(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 **, represents that he received a distribution from Plan X totaling Amount 1. Taxpayer A asserts that his failure to accomplish a rollover within the 60-day period prescribed by Code section 402(c)(3) was due to the distribution from Plan X being taken without his knowledge or consent. Taxpayer A further represents that Amount 1 has not been used for any other purpose.

Taxpayer A maintained an account balance in a defined contribution retirement plan (Plan X) through his employer, Company A. Taxpayer A had met with his wife and their financial advisors about moving his retirement funds from Plan X to an individual retirement account ("IRA") with Financial Institution A. Before any final decision was made, Taxpayer A's wife initiated a distribution from Plan X. Taxpayer A's wife requested and received rollover paperwork and signed Taxpayer A's name and supplied the necessary information to make a withdrawal from Plan X. Without Taxpayer A's knowledge, Taxpayer A's wife received a

distribution check totaling Amount 1 from Plan X on *****, She then deposited that check into the couple's joint account on *****, while Taxpayer A was out of the country. On *****, Taxpayer A discovered the distribution taken by his wife. On *****, Taxpayer A transferred Amount 1 from his personal account to IRA Y with Financial Institution A. Taxpayer A's wife's mental condition is such that she is impaired and cannot make sound financial decisions and has a past history of making irrational decisions.

Based on the facts and representations, you request a ruling that the Internal Revenue Service ("Service") waive the 60 day rollover requirement contained in section 402(c)(3) of the Code with respect to Amount 1 in this instance.

Section 402(c) of the Code provides that if any portion of the balance to the credit of an employee in a qualified trust is paid to the employee in an eligible rollover distribution, and the distributee transfers any portion of the property received in such distribution to an eligible retirement plan, and in the case of a distribution of property other than money, the amount so transferred consists of the property distributed, then such distribution (to the extent transferred) shall not be includible in gross income for the taxable year in which paid. Section 402(c)(3)(A) states that such rollover must be accomplished within 60 days following the day on which the distributee received the property. An individual retirement account (IRA) constitutes one form of eligible retirement plan.

Section 402(c)(4) of the Code provides that an eligible rollover distribution shall not include any distribution to the extent such distribution is required under section 401(a)(9).

Section 402(c)(3)(B) of the Code provides, in relevant part, that the Secretary may waive the 60-day requirement under sections 402(c) 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 402(c)(3)(B) of the Code.

Section 401(a)(31) provides the rules for governing "direct transfers of eligible rollover distributions".

Section 1.401(a)(31) of the Income Tax Regulations, Question and Answer-15, provides, in relevant part, that an eligible rollover distribution that is paid to an eligible retirement plan in a direct rollover is a distribution and rollover, and not a transfer of assets and liabilities.

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 402(c)(3) of the Code, 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 his assertion that his failure to accomplish a timely rollover was caused by a distribution from Plan X being taken without Taxpayer A's knowledge or consent.

Therefore, pursuant to section 402(c)(3)(B) of the Code, the Service hereby waives the 60-day rollover requirement with respect to the distribution of Amount 1 from Plan X. Taxpayer A is granted a period of 60 days from the issuance of this ruling letter to contribute Amount 1, less required minimum distributions for years **** and ****, into a Rollover IRA, or other qualified retirement plan. Provided all other requirements of section 402(c)(3) of the Code, except the 60-day requirement, are met with respect to such contribution, Amount 1 will be considered a rollover contribution within the meaning of section 402(c)(3) of the Code.

This ruling does not authorize the rollover of amounts that are required to be distributed by section 401(a)(9) 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.

If you wish to inquire about this ruling, please contact ***** (Identification Number) at (**) **-****. Please address all correspondence to SE:T:EP:RA:T1.

Sincerely yours,



Carlton A. Watkins, Manager
Employee Plans Technical Group 1