



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

200950057

Uniform Issue List: 408.03-00

SEP 15 2009

Legend:

IRA X :

Bank A:

Account J:

Amount M:

Dr. C:

Dr. R:

Date 1:

Date 2:

Date 3:

Date 4:

Date 5:

Date 6:

Date 7:

Dear :

This is in response to your letters dated March 12, June 3, and June 16, 2009, 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.

Taxpayer A maintained an Individual Retirement Account (IRA), IRA X, with Bank A. Taxpayer A, age 84, asserts that on Date 3, Taxpayer A received a distribution of Amount M from IRA X. Taxpayer A asserts that her failure to accomplish a rollover of Amount M within the 60 day period prescribed by section 408(d)(3) of the Code was due to a mental condition which impaired her ability to make financial decisions.

On Date 1 Taxpayer A's husband of 60 years died. Taxpayer A's husband always made the financial decisions and handled the family finances including IRA X. Taxpayer A has been suffering from mental impairment as documented by a letters from Dr. C dated Date 5, and Dr. R dated Date 7, which state respectively, that Taxpayer A does not have the mental capacity for financial decision making and has been suffering from cognitive and short-term memory loss, and that Taxpayer A had a significant cognitive decline following the death of her husband. Taxpayer A's children had been observing prior to Date 3 a decline in the memory functions of Taxpayer A and tried to persuade her to allow their assistance in handling her finances but Taxpayer A declined their offer for assistance. Subsequently, as a result of Taxpayer A's concession to accept assistance from her children in the management of her financial affairs, on Date 6 Taxpayer A entered into a general durable power of attorney with her son and daughter.

On Date 2, Taxpayer A received a notice from Bank A that a certificate of deposit in IRA X was maturing. On Date 3, less than three months after the date of her husband's death, Taxpayer A went to Bank A and requested that IRA X be closed and requested a distribution of Amount M with the intent to maintain the funds in an IRA with another trustee. On Date 4 Taxpayer A deposited Amount M in Account J with the intent to maintain the funds in an IRA. The Account J is a non-IRA account. It has been asserted that Taxpayer A believed the deposit into Account J was maintaining Amount M as an IRA account. Taxpayer A did not divulge to her children the deposits of funds into Account J. Taxpayer A's son first learned of the failure of Taxpayer A to complete a rollover when he

discovered a Form 1099R reporting the distribution of Amount M during 2008. Taxpayer A has not used Amount M for any other purpose.

Based on the facts and representations, you request a ruling that the Internal Revenue Service waive the 60-day rollover requirement, with respect to the distribution of Amount M, contained in section 408(d)(3) of the Code ("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)(E) of the Code provides that the rollover provisions of section 408(d) do not apply to any amount required to be distributed under section 408(a)(6).

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)(E) of the Code provides that the rollover provisions of section 408(d) do not apply to any amount required to be distributed under section 408(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.

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 rollover of Amount M within the 60 day period prescribed by section 408(d)(3) of the Code was due to a mental condition which impaired her ability to make financial decisions.

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 to Taxpayer A of Amount M. 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 M to an 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).

Please note that, pursuant to code section 408(d)(3)(E), this ruling letter does not authorize the rollover of the Code section 401(a)(9) minimum required distributions.

Page 5

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.

Pursuant to a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative.

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 have any questions, please contact

Sincerely yours,



Frances V. Sloan, Manager
Employee Plans Technical Group 3

Enclosures:

Deleted Copy of Ruling Letter
Notice of Intention to Disclose