



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

OFFICE OF THE CHIEF COUNSEL

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CONEX-138261-15

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The Honorable Jim McGovern
Member, U.S. House of Representatives
12 East Worcester Street, Suite 1
Worcester, MA 01604

Attention:

Dear Representative McGovern:

I am responding to your inquiry dated November 3, 2015, on behalf of your constituent, _____, who had concerns about the limited investment opportunities available for the funds in her IRAs.

_____, owns a rollover IRA and a Roth IRA, both maintained with a financial institution in the United States. Beginning in 2013, the financial institution sent several letters to _____ informing her of the institution's decision to place certain restrictions on the investments available for her two IRAs. Specifically, customers of the financial institution who reside outside the United States will have very limited investment choices for their accounts.

Section 408 of the Internal Revenue Code contains the rules for IRAs, and the only restricted investments are collectibles (section 408(m)) and life insurance (section 408(a)(3)). The IRA rules do not prohibit a financial institution from limiting the investments available to IRA owners. Generally, an IRA owner can roll over or transfer funds from one IRA to another to get better investment choices from a different financial institution. Please note a distribution from an IRA before age 59½ could subject the recipient to a 10 percent additional tax.

I hope this information is helpful. If you have questions, please call me or
at .

Sincerely,

Joyce Kahn
Acting Branch Chief, Qualified Plans Branch 4
(Employee Benefits)
(Tax Exempt and Government Entities)