



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

OFFICE OF THE CHIEF COUNSEL

August 16, 2016

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CC:TEGE:EB:QP2  
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UIL: 402.00-00

Dear \_\_\_\_\_ :

We received your letter of July 9, 2016, concerning the treatment of two retirement funds that belonged to your deceased father. We contacted you by phone on August 15, 2016, and discussed your situation with you extensively. As we explained in our conversation, the Internal Revenue Service does not have the authority to allow a rollover of the amounts that you received from your father's estate. Code section 402(b)(2) provides that amounts distributed from a retirement plan are taxable to the distributee in the year distributed. Section 402(c) provides an exception to this rule for rollovers (that is, amounts paid out of a retirement plan and rolled over to another retirement plan). Under Code section 402(c)(11), any portion of a retirement plan of a deceased employee that is paid in a direct trustee-to-trustee transfer to an inherited individual retirement account established on behalf of a nonspouse designated beneficiary is treated as a direct rollover contribution. Any portion paid to the nonspouse beneficiary is not eligible for rollover. In addition, generally the terms of the retirement plan regarding distribution options and the availability of such options control provided they do not violate the Code and regulations.

This letter calls your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. See Rev. Proc. 2016-1, §2.04, 2016-1 IRB 8 (Jan. 4, 2016).

I am sorry my response is not more favorable, but I hope this information is helpful. If you have further questions, please contact \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

Cathy V. Pastor  
Senior Counsel, Qualified Plans, Branch 4  
(Employee Benefits)  
(Tax Exempt and Government Entities)