Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

[Third Party Communication:
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Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:EEE:EB:QP1
PLR-102620-26
Date:
May 06, 2026

Legend

Decedent =
Taxpayer A =
Taxpayer B =
Estate E =
State S =
IRA X =
IRA Y =
Date 1 =
Date 2 =
Date 3 =

Dear :

This is in response to your letter dated January 6, 2026, and updated by correspondence dated March 20, 2026, submitted on your behalf by your authorized representative, in which you request rulings under § 408 of the Internal Revenue Code.

The following facts and representations have been submitted under penalties of perjury in support of the rulings requested.

Decedent maintained two individual retirement accounts (IRAs) – a traditional IRA (IRA X) and a Roth IRA (IRA Y). Decedent did not designate a beneficiary under either IRA. Decedent's estate (Estate E) accordingly became the beneficiary of IRA X and IRA Y after Decedent's death on Date 2. After Decedent's death, IRA X and IRA Y were each retitled as IRA of Decedent f/b/o Estate E.

Decedent's Last Will and Testament, executed on Date 1, provides that IRA X and IRA Y pass to Taxpayer A and Taxpayer B (Beneficiaries), each in equal shares. On Date 3, a State S court appointed Taxpayer A as administrator of Estate E.

Taxpayer A, as administrator of Estate E, proposes, consistent with Decedent's Last Will and Testament, to equally divide the assets of IRA X and IRA Y each into two separate IRAs by means of trustee-to-trustee transfers. Each transferee IRA will be titled "Decedent (Deceased) IRA f/b/o Beneficiary as beneficiary of Estate E."

Based on the foregoing facts and representations, you have requested the following rulings:

1. The transfer of each Beneficiary's respective one-half interest in IRA X and IRA Y to separate transferee IRAs (via trustee-to-trustee transfer) will not constitute a taxable distribution under § 408(d)(1) to the Beneficiaries and will not constitute a rollover as defined in § 408(d)(3); and

2. After the transfer of assets from IRA X and IRA Y to the transferee IRAs, Estate E will not include in its gross income, and the custodian of the transferee IRAs will not report as income to Estate E, any amounts distributed from the transferee IRAs to the Beneficiaries.

<u>Law</u>

Section 408(d)(1) provides that, except as otherwise provided in § 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 § 72.

Section 408(d)(3)(A) provides that § 408(d)(1) 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 § 408(d)(3)).

Section 408(d)(3)(C) provides that amounts received from an inherited IRA cannot be rolled over into another IRA. For purposes of section 408(d)(3), an inherited IRA is an IRA maintained by an individual who acquired the IRA by reason of the death of another individual if the acquiring individual is not the surviving spouse of the other individual.

Revenue Ruling 78-406, 1978-2 C.B. 157, provides that the direct transfer of funds from one IRA trustee to another IRA trustee, even if at the behest of the IRA holder, does not constitute a payment or distribution to a participant, payee or distribute, as those terms are used in § 408(d). Furthermore, such a transfer does not constitute a rollover distribution. Revenue Ruling 78-406 specifically applies in the case of a transfer by the original IRA owner from one IRA titled in the IRA owner's name to another IRA titled in the same manner.

The rules discussed above will apply to your ruling requests as follows:

1. Consistent with the principles of Rev. Rul. 78-406, because each of the transferee IRAs will be set up and maintained in the name of Decedent (Deceased) f/b/o Beneficiary as beneficiary of Estate E, the transfer of each Beneficiary's respective one-half interest in IRA X and IRA Y to separate transferee IRAs (via trustee-to-trustee transfer) will not constitute taxable distributions under § 408(d)(1) to the Beneficiaries and will not constitute rollovers as defined in § 408(d)(3); and

2. After the transfer of assets from IRA X and IRA Y to the transferee IRAs, Estate E will not include in its gross income, and the custodian of the transferee IRAs will not report as income to Estate E, any amounts distributed from the transferee IRAs to the Beneficiaries.

This letter assumes that IRA X and IRA Y satisfy the requirements of § 408 at all relevant times. It also assumes that the transferee IRAs to be established by the Beneficiaries will also satisfy the requirements of § 408 at all relevant times.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer A and accompanied by a penalty of perjury statement executed by Taxpayer A, as specified in Rev. Proc. 2026-1, 2026-1 I.R.B. 1, § 7.01(16)(b). While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination. The Associate office will revoke or modify a letter ruling and apply the revocation retroactively if there has been a misstatement or omission of controlling facts, the facts at the time of the transaction are materially different from the controlling facts on which the ruling was based, or, in the case of a transaction involving a continuing action or series of actions, the controlling facts materially change during the course of the transaction. See Rev. Proc. 2026-1, § 11.05.

Except as expressly provided above, no opinion is expressed or implied concerning the federal income tax consequences of any other aspects of any transaction or item of income described in this letter ruling including, but not limited to, the rules with respect to the required minimum distributions that apply to the IRAs.

This letter is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

/s/ Neil S. Sandhu

Neil S. Sandhu
Senior Technician Reviewer
Qualified Plans Branch 1
Office of the Associate Chief Counsel
(Employee Benefits, Exempt Organizations, and
Employment Taxes)

cc: