



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224  
NOV 28 2005

200608026

Uniform Issue List: 408.03-00

SE: T. EP: R. A: T. I

Legend:

Taxpayer A.....

Amount P .....

Company S .....

Company T.....

IRA X.....

Dear :

This is in response to a letter dated May 5, 2005, as supplemented by correspondence dated August 11, 2005, requesting a waiver of the 60-day rollover requirement contained in section 408(d)(3) of the Internal Revenue Code (the "Code"). You submitted the following facts and representations in connection with your request.

Taxpayer A, age 60, maintained IRA X, a simple Individual Retirement Arrangement ("IRA") with Company S. The assets of IRA X were split into a stock fund and a money market fund. On February 11, 2005, Taxpayer A transferred Amount P in an online transaction from the stock fund of IRA X to a non-IRA money market fund with Company S, which Taxpayer A believed to be the money market fund contained in IRA X. Two days after the expiration of the 60-day period, Taxpayer A realized that he had mistakenly transferred Amount P to the non-IRA money market account. On April 25, 2005, Amount P was transferred from the non-IRA money market account with Company S to another non-IRA money market account with Company T in order to earn a higher yield. Amount P has not been used for any other purpose and is currently held in the money market account with Company T.

Based on the above facts and representations, Taxpayer A requests that the Internal Revenue Service (the "Service") waive the 60-day rollover requirement contained in section 408(d)(3) of the Code with respect to the distribution of Amount P.

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.

Section 408(d)(3) of the Code defines, and provides the rules applicable to IRA rollovers.

Section 408(d)(3)(A) of the Code provides that section 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 60<sup>th</sup> 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 60<sup>th</sup> 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)(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) 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).

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) 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 and documentation submitted by Taxpayer A is consistent with his assertion that he merely intended to change investments within IRA X and that his failure to accomplish a timely rollover was caused by mistakenly transferring Amount P out of IRA X and into a non-IRA account. Taxpayer A realized his mistake only two days after the expiration of the 60-day period. Therefore, pursuant to section 408(d)(3)(l) of the Code, the Service waives the 60-day rollover requirement with respect to the distribution of Amount P from IRA X. Taxpayer A is granted a period of 60 days from the issuance of this ruling to contribute Amount P to an IRA. Provided all other requirements of section 408(d)(3), except the 60-day requirement, are met with respect to such contribution, Amount P will be considered a rollover contribution within the meaning of section 408(d)(3).

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 that 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

Sincerely yours,

*Carlton A. Watkins*

Carlton A. Watkins, Manager  
Employee Plans Technical Group 1

Enclosures:  
Deleted copy of letter ruling  
Notice 437