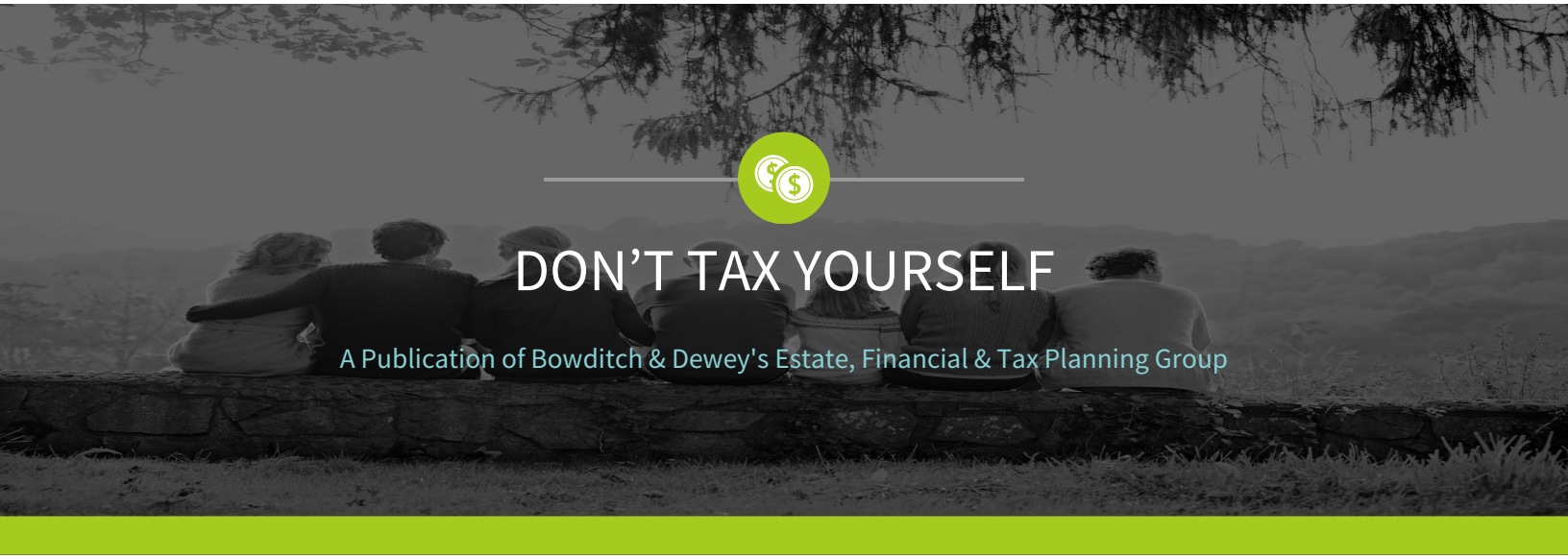


DON'T TAX YOURSELF

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Second Chance for Missing the 60 day IRA Rollover Requirement

BY SCOTT C. CASHMAN • SEPTEMBER 30, 2016

When an individual changes jobs and receives a distribution from his or her former employer's retirement plan, tax rules require that any distribution received from the previous plan or IRA be "rolled over" into the new account within 60 days. Missing the 60 day rollover requirement when moving retirement accounts can result in not only the distribution being taxable, but also the potential for penalty. Until recently, requesting relief from the 60 day requirement was an expensive and time consuming process with no guarantee the IRS would accept the excuse. Fortunately for taxpayers who miss the deadline, the IRS recently issued guidance streamlining the process for requesting a waiver of the 60 day deadline. The new process allows a taxpayer to "self-certify" that one of eleven condition are met and qualify for a waiver of the 60 day requirement. In addition to not having been previously denied a waiver by the IRS, taxpayers must have missed the deadline due to one or more of the following reasons:

1. An error was committed by the financial institution receiving the contribution or making the distribution to which the contribution relates;
2. The distribution, having been made in the form of a check, was misplaced and never cashed;
3. The distribution was deposited into and remained in an account that the taxpayer mistakenly thought was an eligible retirement plan;
4. The taxpayer's principal residence was severely damaged;
5. A member of the taxpayer's family died;
6. The taxpayer or a member of the taxpayer's family was seriously ill;
7. The taxpayer was incarcerated;
8. Restrictions were imposed by a foreign country;
9. A postal error occurred;

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10. The distribution was made on account of a levy under § 6331 and the proceeds of the levy have been returned to the taxpayer; or

11. The party making the distribution to which the rollover relates delayed providing information that the receiving plan or IRA required to complete the rollover despite the taxpayer's reasonable efforts to obtain the information.

Of course the best approach is to meticulously follow IRS rules when moving retirement accounts, but for those taxpayers who miss the deadline, a second chance is now a little easier.

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