

# Apply for a waiver if you've missed the 60-day IRA rollover deadline

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IRAs and employer-sponsored plans such as 401(k)s are powerful retirement savings tools, but they also provide valuable estate planning benefits. If you hold a traditional IRA for life, for example, your children or other heirs can stretch out distributions over their lifetimes, maximizing the IRA's tax-deferred growth and preserving more wealth for the family. If, however, you receive a distribution from an employer plan (such as when you change jobs or retire) and you don't roll over the funds into an IRA or new plan within 60 days, you can lose these benefits.

## What are the tax consequences?

If you miss the 60-day deadline, you'll be hit with ordinary income taxes plus a 10% penalty (if you're under age 59½), taking a significant bite out of your estate. The IRS has provided some relief by streamlining procedures for obtaining a waiver of the 60-day time limit.

Previously, the only option was to apply to the IRS for a private letter ruling — a costly and time-consuming process. Now, if you miss the deadline, you can self-certify your eligibility for a waiver by sending a letter to the trustee or administrator of the plan.

## Do you qualify for a waiver?

To qualify, you must have missed the deadline for one of 11 reasons. They include errors by the financial institution distributing or receiving the funds, misplaced distribution checks, post office errors, a death or serious illness in the family, and deposits into an account you mistakenly thought was an eligible retirement plan.

You must complete the rollover "as soon as practicable" (30 days is deemed sufficient) after the reasons for missing the deadline are no longer an obstacle. Even if you can't (or don't) self-certify, the IRS can still grant a waiver for these or other reasons in a subsequent examination.

Self-certification allows you to report a deposit as a valid rollover. But it doesn't prevent the IRS from auditing your return and denying a waiver if it determines that you didn't meet the requirements. Please contact us with questions regarding how to maximize the estate planning benefits of your retirement accounts.

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