ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning For Your Retirement Savings

IRS Clarifies New Once-Per-Year Rollover Rule for 2015... Again!

IRS Announcement 2014-32
November 10, 2014

On November 10, 2014 the IRS issued Announcement 2014-32, which provides more guidance and clarification on the new interpretation of the once-per-year IRA rollover rule. This impacts 60-day IRA-to-IRA and 60-day Roth IRA-to-Roth IRA rollovers, where the IRA owner receives a check made out to them personally. The new interpretation is different and much more restrictive than in the past, so advisors must understand it to prevent clients from inadvertently violating the guidelines and having their IRA funds taxed and penalized.

Trustee-to-trustee transfers are not affected and are strongly encouraged in light of these restrictive changes. Beginning in 2015, you only get one chance with a 60-day rollover. A second IRA to IRA rollover within one year (12 months) will not be allowed and could cause a taxable distribution, plus a 10% penalty if under age 59½. ***Clients could lose their IRAs and IRS has no authority to provide relief***.

Carefully monitor your clients' 60-day IRA rollovers. Even better, avoid potential disasters and use trustee-to-trustee transfers instead of 60-day rollovers whenever possible. Alert your clients to the new rules.

How Did We Get Here?

For many years, the IRS published guidance, like Publication 590, *Individual Retirement Arrangements,* that said the once-per-year rule applied to each IRA separately. Under that interpretation of the once-per-year rollover rule, an IRA owner with four different IRAs could have made four rollovers within the same one-year period. That interpretation, however, was turned upside-down in January of this year when the Tax Court issued its landmark ruling in *Bobrow*.

In the *Bobrow* case, the Court ruled that the once-per-year IRA rollover rule

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