



ED SLOTT'S IRA ADVISOR

© 2016 Ed Slott's IRA Advisor, Inc.

July 2016

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Mistakes That Can't be Fixed

Everyone loves a second chance. Who doesn't want the opportunity for a "do over," or the ability to fix an honest mistake? In the world of retirement plans, just like life, there are some second chances. However, just like in life, sometimes there are no second chances. Here are four retirement plan mistakes that advisors will want to avoid because these mistakes *cannot* be fixed.

Once-Per-Year IRA Rollover Rule Mistakes

IRA 60-day rollovers can be tricky. There are lots of rules to remember. Among these rules is the once-per-year rollover rule. This rule has gotten much tougher in the past several years.

As a result of the Tax Court's decision in the 2014 *Bobrow* case, the once-per-year rollover rule now applies to all of a person's IRAs and Roth IRAs combined, not to each of their IRA accounts separately. The rule applies to IRA-to-IRA rollovers and Roth IRA-to-Roth IRA rollovers.

Those who violate the once-per-year rule have no relief available for these mistakes.

No PLR Relief for this Rollover Mistake

If a client violates the 60-day rollover rule, there is a fix. A private letter ruling (PLR) may provide relief. While PLRs are time consuming, come with a big price tag, and are not a guaranteed relief, they still offer a potential fix for mistakes involving the 60-day rule. Those who violate the once-per-year rule are not so lucky. There is **no** relief available for these mistakes. Congress has not granted the IRS any authority to waive this rule, as they have with the 60-day rule.

60-Day Window

There is a small window of time to possibly correct the situation when a client attempts more than one 60-day rollover in a one-year period, but *only* if the problem is discovered within the 60 days. If you become aware of the fact that a client cannot roll over a second IRA distribution, they could convert those funds to a Roth IRA. The client could later recharacterize the Roth conversion and move the funds in a trustee-to-trustee transfer back to a traditional IRA.

WHAT'S INSIDE?

Mistakes That Can't be Fixed

- Once-Per-Year IRA Rollover Rule Mistakes
- Missed Deadline for Trust Beneficiaries
- Fatal NUA Mistakes
- Non-spouse Beneficiary Mistakes
- Final Thoughts

- Pages 1 - 3

IRA PLR Fees for 2016 - The Winners and the Losers

- Revenue Procedure 2016-1
- Revenue Procedure 2016-4
- Revenue Procedure 2016-8

- Pages 4-5

IRS Releases Guidance on Payments from a Defined Benefit Plan During Phased Retirement

- Page 5

Guest IRA Expert

Seymour Goldberg
CPA, MBA, JD
Goldberg & Goldberg, P.C.
Long Island, NY

New and Old Fiduciary Rules can Impact an IRA Trust

- Pages 6 - 7

THE FIDUCIARY RULE AFTERMATH Are You Meeting Your Clients' Standards?

GO TO PAGE 8 FOR YOUR ANSWER