



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

What Are IRA Custodians Really Responsible For?

It's important for financial advisors and clients to know what custodians are responsible for and what issues they must address on their own. To keep things simple, our use of the term custodian in this article includes any financial organization which holds IRA funds.

While the tax code and regulations outline the duties an IRA custodian *must* perform, many IRA custodians provide services and take on additional duties voluntarily to attract and retain customers. This diversity of services between custodians often creates confusion. This article will help clear up any misconceptions about what custodians are responsible for and what areas of IRA administration advisors may need to be involved in to help their clients.

No Duty to Inform of the 60-Day Rollover Rule

Clients who receive an IRA distribution that they want to roll over to an IRA or other retirement account must do so within 60 days of receipt. Some custodians track the 60-day clock for

their customers, but when push comes to shove, it's the IRA owner's job to keep track of the 60-day time frame, not the custodian's. In fact, an IRA custodian has no duty, whatsoever, to inform an IRA owner about the 60-day rule. This has been highlighted in several IRS private letter rulings (PLRs) where taxpayers requested an extension of the 60-day rollover period.

Such was the case in PLR 201339002, which was released by the Service just prior to the government shutdown. In that request, the taxpayer sought an extension of the 60-day rollover window because her bank never told her about the 60-day deadline. IRS denied the request, indicating that she didn't qualify for relief because she didn't show that the bank had an obligation to inform her of the requirement, and the overall facts indicated that the ability to redeposit the money was within her reasonable control during that time.

Note: An IRA custodian's lack of duty to inform IRA owners about the 60-day rule when taking an IRA distribution is in stark contrast to the rules for

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