

# Fixing Missed 60-Day Rollover Deadlines with Self-Certification

## ...in 5 Easy Steps

**If I miss the 60-day deadline for completing an IRA rollover, is there any way to save the rollover amount from tax?** Failing to complete a 60-day rollover on time can cause the rollover amount to be taxed as income and perhaps subject to a 10% early withdrawal penalty. However, the deadline may have been missed due to reasons that are not the taxpayer's fault. Fortunately, for such cases, the IRS has created an easy, low-cost way to fix late rollover errors. Revenue Procedure 2016-47 enables individuals to self-certify that they are eligible for a waiver of the 60-day deadline and complete a late rollover.



**Sean Phillips, CFP®, CKA | 214.572.2120**

Vice President of Wealth Management, Wealth Advisor

*Sean is a member of Ed Slott's Elite IRA Advisor Group<sup>SM</sup>, an exclusive organization of financial advisors who are dedicated to being leaders in the IRA industry. As an Ed Slott Elite IRA Advisor, Sean proves to be an advisor with the specialized knowledge to navigate an increasingly more complicated tax environment.*

- 1. Double check the status of every rollover you attempt.** Don't assume one has been completed just because you did your part. Mistakes happen. You can't correct a mistake you don't know about, and a delay hurts your case with the IRS.
- 2. See if the reason that your rollover wasn't completed within 60 days is on the list of 12 circumstances the IRS says may justify a waiver.** Examples: financial institution mistake, postal error, death in the family. For a complete list and a copy of the IRS' sample letter, visit: <https://www.irs.gov/pub/irs-drop/rp-16-47.pdf>
- 3. If the reason for the delay is listed, write a self-certification letter and send it to the administrator or trustee of the employer plan or IRA that is receiving the rollover.** Don't send it to the IRS. The IRS provides a model letter in the Revenue Procedure, and requires that it be followed on a "word-for-word basis or by using a letter that is substantially similar in all material respects."
- 4. Complete the late rollover as soon as possible after the problem that caused the delay is remedied.** The IRS provides a "safe harbor" period of 30 days that it deems acceptable.
- 5. Prepare to be audited.** The IRS will know of the late rollover because it will be reported on Form 5498 by the financial institution receiving it. In the Revenue Procedure, it says "a copy of the certification should be kept in the taxpayer's files and be available if requested on audit." After an audit, the IRS may still deem you ineligible for a waiver. You may or may not be audited, but remember the high stakes and be ready to justify your position if you are.

Ed Slott's Elite IRA Advisor Group is a group of financial professionals who pay a fee to attend a seminar that explores regulations, tax updates, and other issues regarding individual retirement accounts. It does not qualify a financial professional to provide investment recommendations, or advice. Ed Slott and Ed Slott's Master Elite IRA Advisory Group<sup>SM</sup> are not affiliated with CWM, LLC. This is not intended to provide specific legal, tax, or other professional advice. For a comprehensive review of your personal situation, always consult with a tax or legal advisor. The hypothetical investment results are for illustrative purposes only and should not be deemed a representation of past or future results. Actual investment results may be more or less than those shown. This does not represent and specific product.

To qualify for the tax-free and penalty-free withdrawal on earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes. Investing involves risk, including possible loss of principal. No strategy assures success or protects against loss.

Copyright © 2021, Ed Slott and Company, LLC. Reprinted with permission Ed Slott and Company, LLC takes no responsibility for the current accuracy of this information.

Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. 7557 Rambler Road, Suite 1010 | Dallas, TX

75231 214.572.2120 | chessmanwealth.com