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IRS Offers "Second-Chance" for Retirement Savers

But "Fido ate my check" isn't gonna fly.

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Moving your retirement savings from a former employer's 401(k) plan to an IRA is a good idea, but it often only gets half done.

Last Wednesday, the IRS announced that retirement plan and IRA owners who accidentally exceed the 60-day limit for moving accounts to another provider will now receive a waiver of the deadline. Without the waiver, the amount in the retirement plan is taxable, and individuals who are younger than 59 ½ owe an additional 10% penalty.

This waiver only applies to **indirect transfers**, which is when a retirement account holder takes possession of the assets during a transfer. The most common example of an indirect transfer is when someone receives a check for IRA assets from a former employer.

Under the new procedure, taxpayers have the ability to "self-certify" that they deserve a waiver if one or more 11 circumstances apply to them, which includes death, serious illness, misplaced/uncashed check or severe property damage to home. However, the agency can revoke a waiver if a taxpayer is dishonest, so blaming Fido for eating your check is not a valid excuse.

The benefits of transferring a retirement plan(s) to a rollover IRA include greater options for investment diversification, consolidation, access to withdraw funds and estate planning benefits by allowing your beneficiaries to receive tax-deferred distributions over their lifetimes. Leaving funds in a 401(k) is risky because at your death the funds may be paid to your children in a lump sum, which means they will be paying a lot of tax the following April.

For more information, please visit https://www.irs.gov/retirement-plans/retirement-plans-faqs-relating-to-waivers-of-the-60-day-rollover-requirement, or call Andrew Hill Investment Advisors at 239-777-3129.

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Disclosures

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