**3891. When may rollover contributions be made from an IRA by the owner of the plan?**

It depends on the type of individual retirement plan owned and the source from which the funds in the plan originated.

No rollover from a traditional or Roth IRA is permitted if the individual for whose benefit the plan is maintained acquired the plan by reason of the death of another individual (i.e., in the case of an inherited plan) who died after 1983. This does not apply where the plan is maintained for the benefit of the surviving spouse of the deceased individual. This rule also does not prohibit a trustee-to-trustee transfer to an identically-titled beneficiary IRA.[[1]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn1)

A qualified rollover contribution may be made from a Roth IRA to another Roth IRA or from a traditional IRA to a Roth IRA. A qualified rollover contribution means a rollover contribution to a Roth IRA from another Roth IRA or from a traditional IRA but only if the rollover contribution meets the requirements discussed below under the heading “Rollover to Another IRA.”[[2]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn2) Special rules apply to rollovers of traditional IRAs to Roth IRAs ([Q 3617](http://pro.nuco.com/taxfacts2015/tfempb/p8-irp/elig/Pages/3617-00-TF1.aspx)).

For tax years prior to 2008, no rollover contribution from a tax sheltered annuity or a qualified plan, other than a designated Roth account ([Q 3716](http://pro.nuco.com/taxfacts2015/tfempb/p9-pps/pltypfea/401k/Pages/3716-00-TF1.aspx)), could be made to a Roth IRA, and, thus, no rollover contribution could be made from a Roth IRA to a tax sheltered annuity or to a qualified plan other than to a designated Roth account.[[3]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn3)

A distribution from a designated Roth account may be rolled over to another designated Roth account of the individual from whose account the payment or distribution was made or to a Roth IRA of the individual.[[4]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn4) Beginning in 2008, a direct rollover or conversion may be made from a qualified plan, a tax sheltered annuity, or a Section 457 eligible governmental plan to a Roth IRA ([Q 3617](http://pro.nuco.com/taxfacts2015/tfempb/p8-irp/elig/Pages/3617-00-TF1.aspx)).

A rollover may be made from one SIMPLE IRA ([Q 3654](http://pro.nuco.com/taxfacts2015/tfempb/p8-irp/simpira/Pages/3654-00-tf1.aspx)) to another SIMPLE IRA, but a rollover from a SIMPLE IRA to a traditional IRA or to a Roth IRA is permitted only in the case of distributions to which the 25 percent early distribution penalty does not apply; the penalty generally applies during the first two years of participation ([Q 3860](http://pro.nuco.com/taxfacts2015/tfempb/p9-pps/taxdist/Pages/3860-00-TF1.aspx)).[[5]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn5) To the extent that an employee is no longer participating in a SIMPLE IRA plan and two years have expired since the employee first participated in the plan, the employee may treat the SIMPLE IRA account as a traditional IRA.[[6]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn6)

Once in a lifetime, a taxpayer may make a qualified HSA funding distribution ([Q 381](http://pro.nuco.com/taxfacts2015/tfins/p4-healthins/heamsas/disttrans/Pages/0381-00-TF1.aspx)).[[7]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn7)

**Rollover to a Qualified Retirement Plan**

An individual generally may receive a distribution from his or her traditional IRA and, to the extent that the distribution would be includable in income if not rolled over, the individual may roll it over within sixty days into a qualified pension, profit sharing, or stock bonus plan.[[8]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn8) After-tax contributions including nondeductible contributions to a traditional IRA may not be rolled over from a traditional IRA into a qualified plan.[[9]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn9)

The IRS may waive the sixty day rollover requirement if failure to waive it would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to the requirement ([Q 3895](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3895-00-tf1.aspx)).[[10]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn10)

An IRA owner who mixes a rollover contribution from a qualified plan with funds from other sources will forfeit any capital gain or special averaging treatment that otherwise might have been available for the qualified plan money.[[11]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn11)

A terminated vested employee who rolled over her account balance to an IRA and began receiving substantially equal periodic payments from the IRA was permitted to roll over the remaining IRA account balance back into her employer’s plan when she returned to her former job.[[12]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn12)

A surviving spouse who receives a distribution from a qualified plan and rolls it over into a traditional IRA is subject to the same treatment as would be applied to the employee ([Q 3893](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3893-00-TF1.aspx)).[[13]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn13)

**Rollover to a Tax Sheltered Annuity**

An individual may receive a distribution from his or her traditional IRA and within sixty days roll it over into a tax sheltered annuity to the extent that the distribution would be includable in income if not rolled over.[[14]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn14) After-tax contributions including nondeductible contributions to a traditional IRA may not be rolled over from a traditional IRA into a Section 403(b) tax sheltered annuity.[[15]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn15)

The IRS may waive the sixty day rollover requirement if failure to waive it would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to the requirement ([Q 3895](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3895-00-tf1.aspx)). In determining whether to grant a waiver, the IRS considers (1) certain errors committed by a financial institution; (2) inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country, or postal error; (3) the use of the amount distributed (for example, in the case of payment by check, whether the check was cashed); and (4) the time elapsed since the distribution occurred.2

**Rollover to an IRC Section 457 Plan**

An individual may receive a distribution from his or her traditional IRA and within sixty days roll it over into an eligible Section 457 governmental plan to the extent that the distribution would be includable in income if not rolled over.[[16]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn16) The Section 457 plan must agree to separately account for the funds.[[17]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn17) After-tax contributions including nondeductible contributions to a traditional IRA may not be rolled over from a traditional IRA into an eligible Section 457 governmental plan.[[18]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn18)

The IRS may waive the sixty day rollover requirement if failure to waive it would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to the requirement ([Q 3895](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3895-00-tf1.aspx)).[[19]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn19)

**Rollover to Another IRA**

An owner of a traditional IRA other than a SIMPLE IRA during the first two years of participation ([Q 3657](http://pro.nuco.com/taxfacts2015/tfempb/p8-irp/simpira/Pages/3657-00-TF1.aspx)) may receive a distribution of any amount from it and within sixty days roll that amount, or any part of that amount, over into any other traditional IRA (i.e., a receiving plan).[[20]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn20) Likewise, an owner of a Roth IRA may receive such a distribution from it and within sixty days roll that amount, or any part of that amount, over into any other Roth IRA.[[21]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn21) The only rollover permitted to a SIMPLE IRA is from another SIMPLE IRA. A Roth IRA generally can be rolled over only to another Roth IRA.

The IRS is authorized to waive the sixty day rollover requirement where failure to waive it would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to the requirement ([Q 3895](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3895-00-tf1.aspx)).[[22]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn22)

The owner, for purposes of these rules, includes a spouse who has made a rollover ([Q 3893](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3893-00-TF1.aspx)). The receiving plan may be an existing plan or one newly created, but an endowment contract or an individual retirement plan inherited from a decedent who died after 1983, other than a deceased spouse, may not be used as a receiving individual retirement plan.

The distributing plan or any other eligible retirement plan ([Q 3883](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3883-00-TF1.aspx)) may receive any or all of the distribution as a rollover amount.[[23]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn23) Mixing of funds from different sources in a single traditional IRA will not prevent further rollover to another eligible retirement plan, but it will prevent the owner from preserving any capital gains or special averaging treatment ([Q 3862](http://pro.nuco.com/taxfacts2015/tfempb/p9-pps/taxdist/Pages/3862-00-TF1.aspx)) available on a plan distribution.[[24]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn24)

Only one rollover from a traditional IRA to any other traditional IRA or from a particular Roth IRA to any other Roth IRA may be made in any one year period.[[25]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn25) Trustee-to-trustee transfers are not considered rollovers for this purpose. Until recently, the IRS applied this limitation separately to each IRA.[[26]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn26)

However, the Tax Court disagreed with the IRS’ interpretation of the rule and found that each taxpayer is limited to one nontaxable IRA rollover contribution per one-year period, even though the taxpayer may own multiple IRAs and take only a single distribution from each IRA.  The Tax Court examined the wording of IRC Section 408(d)(3)(B) and found that the prohibition against multiple nontaxable rollover transactions in a single year was not specific to any particular IRA held by a taxpayer, but instead applied to all IRAs maintained by a taxpayer.[[27]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn27)

The IRS has since indicated that it will follow the Tax Court's decision in this case.[[28]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn28) Therefore, the limitation will now be imposed on an aggregate basis, rather than on an IRA-by-IRA basis.  The IRS has indicated that it will revise its Publication 590 and begin implementing this new rule no earlier than January 1, 2015.

The one year lookback limitation of IRC Section 408(d)(3)(B) applies only to distributions from an individual retirement plan; a rollover from a qualified plan to an IRA is not counted.[[29]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn29) Also, a rollover from a traditional IRA to a Roth IRA does not count towards this limit.[[30]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn30)

Payment of an arbitration award, designed to replace wasted IRA assets, into a new individual retirement account was a valid rollover.[[31]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn31) Likewise, a court-ordered payment of the diminished value of an IRA resulting from the investment company’s error was eligible for rollover treatment.[[32]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftn32)

[[1]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref1)

.IRC Secs. 408(d)(3)(C), 408A(a).

[[2]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref2)

.IRC Sec. 408A(e).

[[3]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref3)

.See IRC Sec. 408A(c)(6)(A).

[[4]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref4)

.IRC Sec. 402A(c)(3).

[[5]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref5)

.IRC Secs. 408(d)(3)(G), 408A(a); Treas. Reg. §1.408A-4, A-4.

[[6]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref6)

.General Explanation of Tax Legislation Enacted in the 104th Congress (JCT-12-96), p. 141 (the Blue Book).

[[7]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref7)

.IRC Sec. 408(d)(9).

[[8]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref8)

.IRC Sec. 408(d)(3)(A).

[[9]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref9)

.IRC Sec. 402(c)(2).

[[10]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref10)

.IRC Sec. 402(c)(3)(B); Rev. Proc. 2003-16, 2003-1 CB 359.

[[11]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref11)

.See EGTRRA 2001, Secs. 641(f)(3), 642(c)(2); see Let. Rul. 8433078.

[[12]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref12)

.Let. Rul. 9818055.

[[13]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref13)

.IRC Sec. 402(c)(9).

[[14]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref14)

.IRC Secs. 408(d)(3)(A), 402(c)(8)(B)(vi).

[[15]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref15)

.IRC Secs. 402(c)(2), 403(b)(8)(B).

[[16]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref16)

.IRC Secs. 408(d)(3)(A), 402(c)(8)(B)(v).

[[17]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref17)

.IRC Sec. 402(c)(10).

[[18]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref18)

.IRC Secs. 402(c)(2), 457(e)(16).

[[19]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref19)

.IRC Sec. 402(c)(3); Rev. Proc. 2003-16, 2003-1 CB 359.

[[20]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref20)

.IRC Sec. 408(d)(3).

[[21]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref21)

.IRC Secs. 408(d)(3), 408A(a), 408A(e).

[[22]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref22)

.IRC Sec. 402(c)(3)(B); Rev. Proc. 2003-16, 2003-1 CB 359.

[[23]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref23)

.See IRC Sec. 402(c)(8)(B).

[[24]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref24)

.See EGTRRA 2001, Secs. 641(f)(3), 642(c)(2).

[[25]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref25)

.See IRC Secs. 408(d)(3)(B), 408A(a).

[[26]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref26)

.See IRS Pub. 590 (2013).

[[27]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref27)

.*Bobrow v. Commissioner*, TC Memo 2014-21.

[[28]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref28)

.Ann. 2014-15, 2014-16 IRB 1.

[[29]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref29)

.Let. Rul. 8745054.

[[30]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref30)

.See IRC Sec. 408A(e).

[[31]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref31)

.Let. Rul. 8739034.

[[32]](http://pro.nuco.com/taxfacts2015/tfempb/p10-roll/ingen/Pages/3891-00-TF1.aspx?k=ira+rollover" \l "_ftnref32)

.Let. Rul. 8814063.