5 Exceptions to the One-Per-Year 60-Day Rollover Rule

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Beginning in 2015, individuals are only allowed to do one 60-day rollover in a year. This "year" is a 12-month period, not a calendar year. A 60-day rollover is when a distribution is issued payable to the account owner. They can cash the check or they can spend funds that were deposited into a bank or other type of account. The account owner has 60 days from the receipt of the check or funds to redeposit all or part of the amount distributed back into a retirement plan.

Example 1: Craig has his IRA transfer $25,000 to his checking account. He can spend this money. He has 60 days from the date the funds are credited to his checking account to return all or part of the $25,000 to an IRA, Roth IRA, or employer plan that will accept his IRA funds. Craig can do only one such transaction in a 12-month period.

For purposes of this rule, IRA and Roth IRA accounts are combined. If Craig also had a Roth IRA, he could not do a 60-day rollover of his Roth funds until a year had passed from the date of his receipt of the IRA funds.

This one-per-year rule applies to IRA-to-IRA and Roth IRA-to Roth IRA 60-day rollovers *only.* It does *not*apply to:

- Rollovers from an employer plan to an IRA
- Rollovers from an IRA to an employer plan
- Conversions to a Roth IRA or employer plan Roth (Roth 401(k), 403(b), etc.)
- Rollovers from one employer plan to another employer plan
- Checks issued to the account owner that are payable to the new custodian (these cannot be cashed by the account owner)

Example 2: Craig has changed jobs. He directs his former employer to do a direct rollover of his 401(k) balance to his IRA. Craig can still complete the 60-day rollover of his $25,000 IRA distribution. The rollover of his employer plan funds does not count in the one-per-year rule.

Example 3: Instead of having his IRA funds deposited into his checking account, Craig asks the IRA custodian to issue a check payable to his new IRA custodian, for the benefit of his IRA, and to send the check to him. This is not a 60-day rollover because, even though Craig receives the check, he cannot cash it. This transaction is not subject to the one-per-year rule. He is not limited to 60 days to get the check to the new IRA custodian. Of course, the sooner he gets it there, the better.