The Pension Digest

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ALSO IN THIS ISSUE –

Collin W. Fritz and Associates, Inc.,
"The Pension Specialists"

Are IRA Amendments Required For 2018-2019?

The governing IRA regulation requires an IRA custodian to furnish an IRA amendment when the IRA plan agreement provisions are changed or when one or more of the topics discussed in the IRA disclosure statement is no longer correct and it needs to be revised to set forth a current explanation.

More IRA changes have occurred in 2018 then many people realize. There were also a number of changes in 2016 and 2017.

There are two types of IRA amendments - one which amends the IRA plan agreement and one which amends the IRA disclosure statement. An IRA custodian/trustee may indeed to furnish both amendments. Regulation 1.4 08-6(4)(ii)(C) requires that an IRA amendment be furnished no later than the 30th day after the amendment is adopted or becomes effective.

The following are the primary changes which occurred in 2018:

1. In October of 2018 the IRS announced that the maximum annual contribution limits for traditional IRAs and Roth IRAs are increasing in 2019 to $6,000 (under age 50) and $7,000 (age 50 or older). The limits for 2018 are $5,500 (under age 50) and $6,500 (age 50 or older). These limits are adjusted under the law when there has been a $500 change under a cost of living adjustment formula.

2. Special tax relief was enacted in both the Tax Cuts and Jobs Act of 2017 (December 22, 2017) and the Bipartisan Budget Act of 2018 (February 2018) to assist the victims of Hurricanes Harvey, Irma, Maria, victims of the California wildfires and other federally declared natural disasters. In general, such tax relief permits a victim to include a distribution in income over a 3 year time period rather than having to include it all in income for the year of withdrawal and allows an individual to repay a distribution over a 3 year time period and receive tax-free rollover treatment rather than under the standard 60 day rule.

3. On March 15, 2018, the U.S. Court of Appeals vacated the Department of Labor's Fiduciary Rule. Vacated means the Fiduciary Rule is treated as if it had never gone into effect. Under the vacated rule, the DOL's new definition of a fiduciary investment adviser had gone into effect on June 9, 2017. Because CWF's IRA Plan Agreement forms did explain that the new definition went into effect on June 9, 2017, an IRA amendment should be furnished discussing the vacating of the 2017 definition and that the old definition again applies.

4. There are certain income limits applying to traditional IRAs and Roth IRAs for 2018 and 2019 and the Savers Tax Credit. Many of these limits change each year as a result of being adjusted to reflect a cost of living adjustment. More individuals may be eligible to make deductible traditional IRA contributions or Roth IRA contributions or to claim the tax credit.

In order to determine which amendment should be furnished, an IRA custodian/trustee wants to understand when was the last time an IRA amendment was furnished and what did if cover. In April of 2017 the Internal Revenue Service (IRS) issued revised model IRA Forms, 5305, 5305-A, 5305-R and 5305-RA.

In 2019, many IRA custodians will furnish a comprehensive IRA amendment because it amends the IRA plan agreement and also furnishes an IRA disclosure statement discussing the IRA rules as they apply in 2018 and 2019. Furnishing the 2018-2019 comprehensive IRA amendment by January 31, 2019 or May 31, 2019 provides current accurate IRA information allowing individuals to hopefully make informed IRA decisions.

Combining the 2018-2019 IRA Amendment with other IRA statements and notices can be cost effective as mailing costs can be minimized.

Administering Beneficiary/Inherited IRAs

A person who inherits a traditional IRA or a Roth IRA must withdraw required distributions. Generally, this must be done each year commencing the year after the death of the IRA owner under the life distribution rule. There is a special rule called the five year rule. If it applies, the rule requiring an annual distribution does not apply. A 50% excess accumulation tax is imposed on an inheriting beneficiary who fails to take the required distribution.

Once a financial institution knows of the death of an IRA owner, it should inform an inheriting beneficiary of the basic rules, the need to take a required distribution and that there are no rollover rights.

The main duty of the IRA custodian is to report these distributions to the IRS and the beneficiary by preparing Form 1099-R correctly.

Many traditional IRAs and Roth IRAs are now being inherited by nonspouse beneficiaries. Asking and answering the following questions will simplify the administration of these inherited IRAs.

Question #1 – Is the IRA a traditional IRA, SEP IRA or SIMPLE IRA or is it a Roth IRA? See the two charts on the adjacent page. These charts differ and the rules and options applying to a beneficiary with respect to a traditional IRA (including SEP IRA and SIMPLE IRA) differ. Note that the rules applying to a Roth IRA beneficiary do not depend on whether the IRA owner dies before or on or after his or her required beginning date.

Question #2 – What is the deceased IRA owner's date of birth?

Question #3 – What is the deceased IRA owner's date of death?

From the answers to these two questions, one can determine if the traditional IRA owner died before or after his or her required beginning date.

Question #4 – Is there an RMD for the year the IRA owner died which still needs to be distributed by December 31?

If the IRA owner dies in a year before he or she would have attained age 70 1/2, there is no RMD for such year for the IRA owner or any beneficiary. If the IRA owner dies before his or her required beginning date and the beneficiary is a non-spouse beneficiary, there is no RMD for such year even if one was calculated because the person would have attained age 70 1/2 in such year.

A different rule applies if the IRA owner dies during the year they would have attained age 70 1/2 and their beneficiary is their spouse. The surviving spouse must withdraw such RMD by the deceased spouse's required beginning date to the extent it had not been distributed to the deceased IRA owner.

If the decedent died on or after his or her required beginning date and the entire RMD had been paid, then there is no remaining RMD for the year of death needing to be distributed.

If the entire RMD had NOT been paid to the decedent prior to his or her death, then a beneficiary must be paid his or her share of the remaining RMD by December 31 of that year.

For the years after the year of the decedent's death, RMDs for each nonspouse beneficiary must be determined using the following rules. It is assumed the beneficiary will qualify to use the separate accounting rules applying to inherited IRAs.

If the decedent died on or after his or her required beginning date, the beneficiary will need to take at least the RMD amount for each year following the year of the death. The beneficiary may certainly take more than the RMD, including a lump sum. The five year rule never applies when the decedent dies on or after the required beginning date.

The standard RMD formula is used to calculate each year's RMD, except the single life table is to used to calculate the initial divisor based on the age of the beneficiary rather than the uniform lifetime table.

Question #5 – What is the date of birth of each beneficiary? This will allow the determination of each beneficiary's life expectancy in the year after the year the accountholder died. To determine the divisor for subsequent years, one is subtracted from the initial factor for each subsequent year.

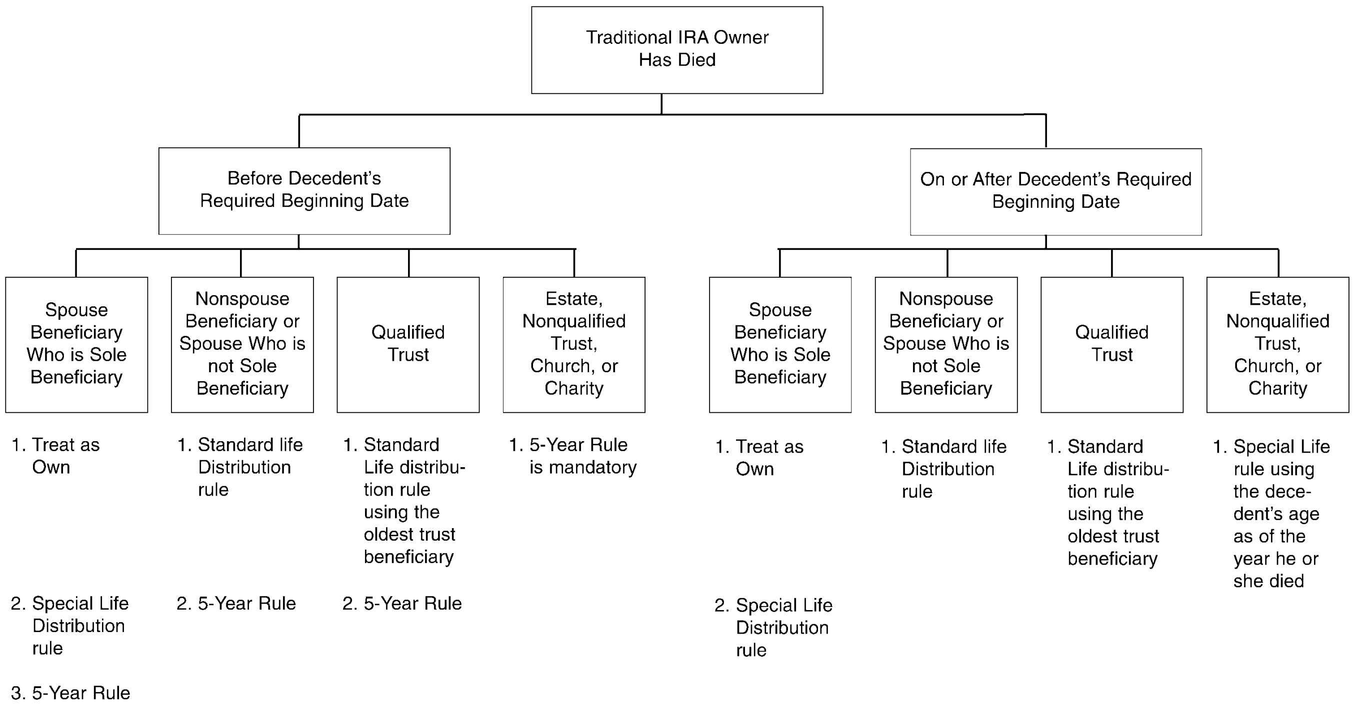
If the decedent died before the required beginning date, the beneficiary will need to take at least the RMD amount over his or her life expectancy as calculated as described above, unless the beneficiary elects the five year rule.

IRS Extends Transition Relief For an IRA Custodian's Payments to a State's Unclaimed Property Fund

In IRS Notice 2018-90 the IRS extends to December 31, 2019 (from December 31, 2018) the deadline for receiving the tax relief set forth in Rev. Rul, 2018-17. The article discussing this relief was set forth in the May 2018 issue of the Pension Digest and is reprinted on page 8.

The IRS changed the procedures when IRA funds are paid to a state's unclaimed property fund. In general, the IRS is to be paid 10% of the distribution and the remainder is to be to the state's unclaimed property fund. The IRA custodian is to prepare and issue the Form 1099-R to the IRA owner and not to the state.

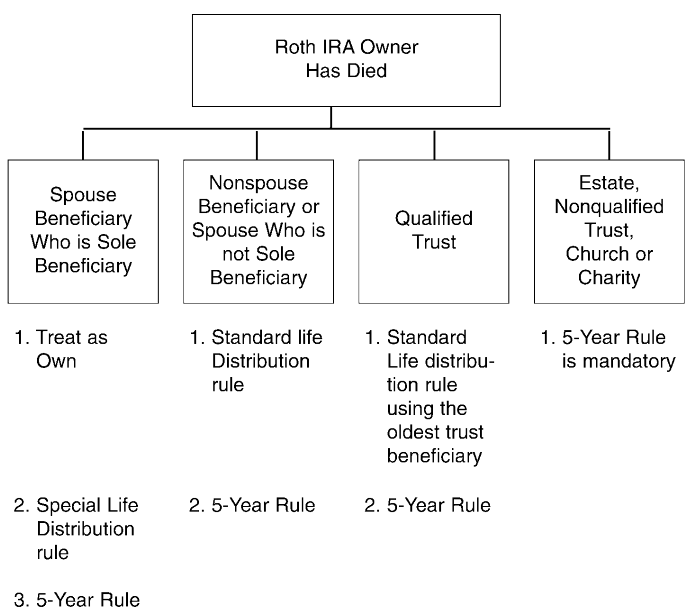
Remember, if it is reasonably practicable for an IRA custodian to comply with these new requirements before December 31, 2018, or December 31, 2019, it must do so. Relief is granted only if an IRA custodian's situation makes it impracticable to comply with the revised procedures.



Discussion

1. Any surviving spouse may take a distribution regardless if the life distribution rule or the 5-year rule applies and roll it over as long as the standard rollover rules are met.

2. Distribution, if any, due for year of death.
   - A. If the decedent died before his or her 70½ year, then there is no required distribution for the beneficiary to take for the year of death.
   - B. If the decedent died during the year he or she attained or would have attained age 70½ or the following year, but before his or her required beginning date and the beneficiary is a nonspouse beneficiary, then the RMD for such year "disappears" and the beneficiary is not required to take a distribution for the year the decedent died.
   - C. If the decedent died during the year he or she attained or would have been attained age 70½ or the following year, but before his or her required beginning date and the beneficiary is a spouse beneficiary, then the RMD for such year must be distributed to the surviving spouse beneficiary to the extent not distributed to the decedent prior to his or her death.
   - D. If the decedent died on or after his or her required beginning date,then his or her RMD for such year must be distributed to the beneficiary to the extent not distributed to the decedent prior to his or her death.



Understanding – How Does a Person Determine The Amount of Their IRA Contribution Which Can Be Deducted on Their Income Tax Return?

For purposes of this article, "you" is the IRA Accountholder. The charts are IRS charts as found in IRS Publication 590-A (IRA Contributions), but revised by CWF to reflect the income limits for 2018 and 2019.

The answer depends upon your filing status, whether or not you and/or your spouse is covered by an employer-sponsored retirement plan at work, and your modified adjusted gross income (AGI).

If you are single and you are not covered under an employer sponsored retirement plan, then you are entitled to a full deduction to the extent of your contributions, regardless of your income.

If you are married and neither you nor your spouse is covered an employer-sponsored plan, then you are entitled to a full deduction to the extent of your contributions, regardless of your income.

If you are covered under an employer-sponsored retirement plan and your filing status is single or head of household, then you are entitled to a deduction.

Using the following formula: a person's non-deductible amount is equal to the person's maximum contribution amount multiplied by a fraction the numerator is MAGI – threshold level and the denominator is $10,000 or $20,000, as applicable. Such amount is rounded down to the nearest $200 amount. Such person's deductible contribution amount is equal to subtracting the adjusted non-deductible amount from the maximum contribution amount.

The following IRS charts set forth the applicable threshold amounts and phase-out ranges depending upon a person's filing status.

Table 1-2. Effect of Modified AGI[1] on Deduction if You are Covered by a Retirement Plan at Work for 2018

If you are covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

IF your filing status is...	AND your modified AGI is...	THEN you can take...
single or head of household	$63,000 or less	a full deduction
	more than $63,000 but less than $73,000	a partial deduction
	$73,000 or more	no deduction
married filing jointly or qualifying widow(er)	$101,000 or less	a full deduction
	more than $101,000 but less than $121,000	a partial deduction
	$121,000 or more	no deduction
married filing separately[2]	less than $10,000	a partial deduction
	$10,000 or more	no deduction

[1] *Modified AGI (adjusted gross income). See Modified adjusted gross income (AGI), later.*
[2] *If you didn't live with your spouse at any time during the year your filing status is considered Single for this purpose (therefore, your IRA deduction is determined under the "Single" filing status).*

Table 1-2. Effect of Modified AGI[1] on Deduction if You are Covered by a Retirement Plan at Work for 2019

If you are covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

IF your filing status is...	AND your modified AGI is...	THEN you can take...
single or head of household	$64,000 or less	a full deduction
	more than $64,000 but less than $74,000	a partial deduction
	$74,000 or more	no deduction
married filing jointly or qualifying widow(er)	$103,000 or less	a full deduction
	more than $103,000 but less than $123,000	a partial deduction
	$123,000 or more	no deduction
married filing separately[2]	less than $10,000	a partial deduction
	$10,000 or more	no deduction

[1] *Modified AGI (adjusted gross income). See Modified adjusted gross income (AGI), later.*
[2] *If you didn't live with your spouse at any time during the year your filing status is considered Single for this purpose (therefore, your IRA deduction is determined under the "Single" filing status).*

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Example #1. For 2018, your filing status is single, you are an active participant, you are age 52 and your MAGI is $67,000. Your maximum contribution amount is $5,500. Your maximum deductible contribution is $3,300 because your non-deductible contribution amount is $2,200 determined as follows ($5,500 x ($67,000-$63,000/$10,000).

Example #2. For 2018, your filing status is married filing joint, both of you are active participants, you are age 52 and your spouse is age 51 and your MAGI is $111,000. Each of you has a maximum contribution of $5,500. Each of you has a maximum deductible contribution of $2,750 because your non-deductible contribution amount is $2,750 determined as follows- ($5,500 x ($111,000-$101,000)/$20,000).

If you are married but you are not an active participant then you are to use the chart below to determine your ability to claim a tax deduction for your IRA contribution.

Example #3. For 2018, your filing status is married filing joint, your spouse is an active participant, but you are not, you are age 52 and your spouse is age 51 and your combined MAGI is $189,000. Each of you has a maximum contribution of $5,500. You may claim a deduction of $5,500 as your MAGI is less than $199,000. No deduction may be claimed for your spouse's IRA contribution.

Table 1-3. Effect of Modified AGI[1] on Deduction if You Aren't Covered by a Retirement Plan at Work

If you aren't covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

IF your filing status is...	AND your modified AGI is...	THEN you can take...
single, head of household, or qualifying widow(er)	any amount	a full deduction
married filing jointly with a spouse who isn't covered by a plan at work	any amount	a full deduction
married filing jointly with a spouse who is covered by a plan at work	$189,000 or less	a full deduction
	more than $189,000 but less than $199,000	a full deduction
	$199,000 or more	no deduction
married filing separately with a Spouse who is covered by a plan at work	less than $10,000	a full deduction
	$10,000 or more	no deduction

[1] *Modified AGI (adjusted gross income). See Modified adjusted gross income (AGI), later.*
[2] *If you didn't live with your spouse at any time during the year your filing status is considered Single for this purpose (therefore, your IRA deduction is determined under the "Single" filing status).*

Example #4. For 2018, your filing status is married filing joint, your spouse is an active participant, but you are not, you are age 52 and your spouse is age 51 and your combined MAGI is $193,000. Each of you has a maximum contribution of $5,500. You may claim a deduction of $3,300 because your non-deductible contribution amount is $2,200 determined as follows- ($5,500 x ($193,000-$189,000)/$10,000).

Example #5. For 2018, your filing status is married filing separate returns. You are not an active participant. You are age 52 and your MAGI is $15,000. You are eligible to make a maximum contribution of $5,500. However, you are unable to claim any deduction since your MAGI exceeds $10,000.

Discussion for Inherited Roth IRAs

1. Unlike with the traditional IRA, the beneficiary is never required to take an RMD for the year the Roth IRA owner died since the Roth IRA owner is not required to take an RMD while alive.

2. Note that regardless of the age of the deceased Roth IRA owner, the Roth IRA must be closed under the 5-year rule if the beneficiary is an estate.

3. A surviving spouse who is the sole beneficiary almost always will wish to elect to treated the deceased spouse's Roth IRA as his or her own in the year the deceased Roth IRA died. By treating as own, the surviving spouse is not required to take an RMD while alive.

4. A surviving spouse who is NOT the sole beneficiary almost always will wish to take a distribution and then make a rollover contribution into his or her own Roth IRA. The standard once per year and 60 day rollover rules apply. If the distribution occurs after the year of death, the surviving spouse will be able to rollover such funds into his or her own Roth IRA but the RMD for such year is ineligible to be rolled over.

5. If there are multiple beneficiaries, the separate accounting rules must be met by all beneficiaries by December 31 of the year following the death of the

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Inherited Roth IRAs,
Continued from page 5

deceased Roth owner, or application of the 5-year rule will be mandatory. That is, the Roth IRA must be closed by December 31st of the year containing the fifth anniversary of the death of the Roth IRA owner.

6. Most nonspouse beneficiaries will withdraw only the required amount each year as this will maximize the tax-free income to be earned over the maximum distribution period.

There Are Times When Certain Inherited IRAs Can't Be Combined Even Though They Have the Same Title

John Doe died on November 1, 2018, at age 80. He had two IRAs, one his own and one which he inherited from his brother in 2011. He had not withdrawn the two RMDs for 2018 prior to his passing. He had designated his next door neighbor, Jane Alvarez, to be his sole primary beneficiary for both IRAs.

What administration should occur with respect to these two IRAs? Can an IRA custodian set up just one inherited IRA for Jane Alvarez?

Two separate IRAs must be established.

Jane Alvarez should withdraw the two RMDs for 2018 before December 31, 2018, otherwise she will owe the 50% excise tax unless she requests the IRS waive such tax and the IRS would waive it.

John Doe had maintained a traditional IRA since 1987. His date of birth is 6-17-1938. He died on November 1, 2018. His traditional IRA balance as of 12-31-2017 was $48,000. The RMD divisor for 2018 is 18.7 as he is/was 80 in 2018. See the Uniform Lifetime Table.

In 2011 John Doe had inherited his brother's traditional IRA. Its current balance is $24,000. He has been taking RMDs since 2012.

Two separate inherited IRAs must be established. One for his own traditional IRA and one for the inherited IRA arising from his brother. If IRS guidance is followed, both IRAs will have the same title, "Jane Alvarez abo John Doe's IRA." To distinguish these two inherited IRAs we suggest using the titles," Jane Alvarez abo John Doe's IRA #1 and Jane Alvarez abo John Doe's IRA.#2.

Why must there be two separate inherited IRAs for Jane Alvarez?

Each inherited IRA has its own required distribution period.

The IRA inherited from his brother has a distribution period which was established the year after the year the brother died. It was established in 2012 when John Doe was age 74. The RMD divisor for 2012 came from the Single Life Table. The divisors for subsequent years are as follows and continue to be used to calculate the RMD for his beneficiary, Jane Alvarez and for any subsequent beneficiary.

Year	RMD Divisor	Year	RMD Divisor
2012	14.1	2020	6.1
2013	13.1	2021	5.1
2014	12.1	2022	4.1
2015	11.1	2023	3.1
2016	10.1	2024	2.1
2017	9.1	2025	1.1
2018	8.1	2026	1.0
2019	7.1		

With respect to John Doe's personal IRA, Jane Alvarez must commence RMDs in 2019. She is age 52 in 2019 and the initial divisor will come from the Single Life Table. See the table below to see the divisors for 2019 and subsequent year from this inherited IRA.

Year	RMD Divisor	Year	RMD Divisor
2019	32.3	2035	16.3
2020	31.3	2036	15.3
2021	30.3	2037	14.3
2022	29.3	2038	13.3
2023	28.3	2039	12.3
2024	27.3	2040	11.3
2025	26.3	2041	10.3
2026	25.3	2042	9.3
2027	24.3	2043	8.3
2028	23.3	2044	7.3
2029	22.3	2045	6.3
2030	21.3	2046	5.3
2031	20.3	2047	4.30
2032	19.3	2048	3.3
2033	18.3	2049	2.3
2034	17.3	2050	1.3
		2051	1.0

In summary, there will be times when two or more inherited IRAs cannot be combined because the involved inherited IRAs have different RMD divisors.

IRS Discussion,,
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aren't limited and rollovers from traditional IRAs to Roth IRAs (conversions) aren't limited.

Example. John has three traditional IRAs: IRA-1, IRA-2 and IRA-3. John didn't take any distributions from his IRAs in 2017. On January 1, 2018, John took a distribution from IRA-1 and rolled it over into IRA-2 on the same day. For 2018, John can't roll over any other 2018 IRA distribution, including a rollover distribution involving IRA-3. This wouldn't apply to a conversion.

Article reprinted from the May 2018 Pension Digest:

IRS Issues New Guidance on Withholding and IRS Reporting For IRA Distributions To a State Unclaimed Property Fund

Many states have laws requiring IRAs meeting certain inactivity rules to be paid by an IRA custodian to the state's unclaimed property fund. Many states are not all that concerned about the income tax consequences that arise from these mandated distributions.

The U.S. Treasury is concerned and it wants it share of the revenues. It does not want all of these distributions (i.e revenues) going to a state without some plan of action as to how and when it will be paid the taxes it is owed. The U.S. Treasury wants to collect the federal income taxes it is taxes owed with respect to each and every IRA distribution. The general tax rule is, a person is required to include an IRA distribution in their taxable income and will pay the applicable marginal tax rate. A person younger than 59½ owes an additional 10% tax unless an exception applies.

The IRS has recently issued Rev. Rul. 2018-17. This guidance changes old IRS guidance as to how an IRA custodian is to prepare the Form 1099-R to report an IRA distribution made to a State's Unclaimed Property Fund. Under the old guidance the IRA custodian issued the Form 1099-R to the state and used the state's tax identification number.

The new guidance requires the IRA custodian to prepare the Form 1099-R identifying the IRA account holder as the recipient. Thus, the Form 1099-R will show this individual as the recipient. The IRA custodian will have the person's tax identification number and will have a mailing address which may or may not be currently accurate. The IRS guidance does not discuss the address topic.

In the new guidance, the IRS makes clear the IRA custodian has the duty to withhold for federal income tax purposes 10% of the amount being remitted to the respective state's unclaimed property fund. The reason 10% must be withheld is because Internal Revenue Code section 3405 sets withholding requirements for non-periodic IRA distributions. The IRA custodian must remit these withheld IRA funds to the IRS/U.S. Treasury as other withheld amount. Although the tax rules permits an individual to elect not to have any withholding, the IRS has concluded that an individual in this situation will not elect to have no withholding and so the 10% needs to be remitted to the IRS/U.S. Treasury.

The IRA custodian is to remit the other 90% of the IRA to the respective state's unclaimed property fund.

The IRS will process the submitted 1099-R forms and the IRS will contact these individuals if these individuals failed to properly report these distributions on their tax returns and if they failed to pay the amount owed. Most taxpayers have a marginal tax rate in the range of 15%-30% so if only 10% was withheld, an additional amount will be owing.

This new IRS guidance is effective immediately and so an IRA custodian wants to implement new procedures as soon as possible. The IRS has issued temporary transition relief. An IRA custodian must start complying with the new rules for payments made to a state's unclaimed property fund on or after January 1, 2019. However, if it is reasonably practicable for an IRA custodian to comply sooner, it must comply sooner.

An IRA custodian wants procedures to minimize the number of inactive IRAs.

The IRS guidance makes clear that it is only traditional IRA funds which are subject to these new withholding and reporting rules. The new guidance does not apply to Roth IRAs, SEP IRAs and SIMPLE IRAs. The IRS guidance does not explain why these new procedures do not apply to Roth IRAs, SEP-IRAs and SIMPLE IRAs.

The IRS guidance does discuss the general tax rule that the withholding rules only apply to an IRA distribution to the extent it is reasonable to believe the distribution must be included in the recipient's income. With distributions from Roth IRAs it is not generally reasonable to believe the distribution must be included in the recipient's income.

We expect the IRS in the near future will issue additional guidance regarding what an IRA custodian is to do with Roth IRAs, SEP-IRAs and SIMPLE IRAs that must be remitted to a state's unclaimed property funds. If a SEP-IRA and/or a SIMPLE IRA is related to an ERISA employer plan, the position of the IRS and the DOL most likely is - federal law supersedes any state unclaimed property law and such funds could not be remitted to the state.

Email Guidance on the Once Per Year Rule

Q. Customer took a Roth IRA distribution of $2,000 on 10/30/17. Customer completed rollover of those funds back into the same Roth IRA on 11/29/17.

Same customer took Roth IRA distribution of $6,250 on 10/2/18. Customer wants to rollover those funds back into the same Roth IRA. Based on the 1-per-year rule, can that rollover be done on 11/30/18?

A. A person is eligible to rollover only one IRA distribution during any 365 day period. It does not matter how many IRAs a person has.

Your customer withdrew one IRA distribution on 10/30/17 and a second one on 10/2/18.

There have been two distributions during the same 365 day period.

Your customer is ineligible to rollover the distribution he or she withdrew on 10/2/18. The customer was eligible to rollover the distribution taken on 10/30/2017 and the customer did so.

The distribution of 10/2/18 has occurred within the 365 day period which commenced on 10/30/17 and is ineligible to be rolled over.

The once per year rule is based on the dates of the distributions and not on the dates of the rollover contributions. The fact that the customer made the first roll over contribution on November 29, 2017, and would make the second rollover contribution on November 30th, 2018 does make the rollover eligible.

One can see a person not knowing about this rule or misunderstanding it. At times we all learn tax lessons the hard way. Most likely the customer will not owe any taxes on the Roth IRA withdrawal because the customer has withdrawn their basis (own contribution), but the customer's Roth IRA balance is smaller than it otherwise would have been.

The bank cannot accept the rollover when it has knowledge that the customer is ineligible to make the Roth rollover IRA contribution.

If a person rolls over a Roth IRA distribution which is ineligible to be rolled over, the customer owes the 6% excise tax for an excess contribution for each and every year the excess stays in the Roth IRA. There is no statute of limitations applying to ineligible Roth IRA contributions.

Your customer should certainly confirm this with their tax advisor.

IRS Discussion of the Once Per Year Rule

Set forth below is the IRS' discussion in Publication 590-A on pages 23 and 24.

Rollover From One IRA into Another

Waiting period between rollovers. Generally, if you make a tax-free rollover of any part of a distribution from a traditional IRA, you can't within a 1-year period, make a tax-free rollover of any later distribution from that same IRA. You also can't make a tax-free rollover of any amount distributed, within the same 1-year period, from the IRA into which you made the tax-free rollover.

The 1-year period begins on the date you receive the IRA distribution, not on the date you roll it over into an IRA. Rules apply to the number of rollovers you can have with your traditional IRAs. See Application of one-roll-over-per-year limitation below.

Example. You have two traditional IRAs, IRA-1 and IRA-2. In 2017, you made a tax-free rollover of a distribution from IRA-1 into a new traditional IRA (IRA-3). You can't, within 1 year of the distribution from IRA-1, make a tax-free rollover of any distribution from either IRA-1 or IRA-3 into another traditional IRA.

For 2017, the rollover from IRA-1 into IRA-3 prevents you from making a tax-free rollover from IRA-2 into any other traditional IRA. This is because in 2017 you are only allowed to make one rollover within a 1-year period. So when you make a rollover from IRA-1 to IRA-3, you can't make a rollover from IRA-2 to any other traditional IRA.

Application of one-rollover-per-year limitation. You can make only one rollover from an IRA to another (or the same) IRA in any 1-year period regardless of the number of IRAs you own. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. However, trustee-to-trustee transfers between IRAs

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