**The facts for your Tax Research Assignment 2 are as follows:**

Timothy Adams recently left a major law firm, Duey, Cheadham & Howe, LLP, to start his own independent law firm. He has a 401(k) account at the Duey, Cheadham that he wants to close and move the assets to a Traditional IRA.  In addition, he still has a 401(k) at Target, where he worked while he was in law school, 5 years ago, and his financial advisor advised that he also close that one and move the assets to a new IRA. Finally, he has an existing Traditional IRA at Fidelity, and his financial advisor would like him to move that one to an IRA at the brokerage where the financial advisor works (they make better commissions that way!)

Timothy does not practice tax law; in fact he knows nothing about the tax laws associated with rolling over a retirement account. Luckily, he is smart enough to know what he doesn’t know and hires you as his accountant to advise him on these transactions. He needs to know the tax issues associated with moving assets from a 401(k) or IRA to a new IRA.

Specifically, he wants to know if he can take a distribution of the full amount of the assets in these retirement accounts, then redeposit them into new accounts, and if so, if there is a deadline in which he must do this. Or, alternatively, is it better for him to allow the 401(k) and IRA custodians to make the payments directly to the new IRA? What are the tax issues associated with either option?

Instructions:

Please research the tax law and write Timothy a brief memo of no more than two pages, in which you communicate the results of your research, including what method of moving assets he should use and why. Use the format for communicating research findings discussed in the Learning Resources for Week 1: “Tax Research – Federal,” and “Locating Tax Authority,” as well as under “Syllabus and Course Schedule: Tax Research Assignment How to Complete” in the Course Content area of LEO.

Identify relevant statutory, administrative, and judicial authorities and discuss how these authorities affect your conclusion concerning the tax issues of Timothy’s proposed transactions.

\***Remember: while IRS publications are useful as secondary sources, they are not primary sources that can be cited and relied upon in a tax research memorandum**.

Your research assignment will be graded using the following criteria:

1. Recognition of the important facts and issues

2. Correct conclusion

3. Clarity of writing

4. Proper use of relevant sources to support your conclusion and analysis.

5. Proper citation of relevant sources

6. Proper format, spelling & grammar