What's Next for Your Retirement Plan?

Understanding Your Rollover Options



Rollover Options

Dear (Participant Name):

When you change jobs, retire, or start a business, you'll need to decide what to do with your employer-sponsored retirement plan.

Before deciding, understand the pros and cons of each option. Your choice will impact your retirement for years. You generally have four options: 1) leave funds in your current plan; 2) move them to your new employer's plan 3) roll them into an Individual Retirement Account ("IRA") or 4) cash out, pay the tax and possibly a penalty.

Remain in the Existing Plan

This option can offer benefits such as lower institutional fees, strong creditor protection, and access to unique investment options. It also allows you to avoid making an immediate decision and may enable penalty-free withdrawals if you left at age 55 or older. However, there are drawbacks, including limited investment choices, possible administrative fees for ex-employees, less flexibility in withdrawals, and difficulty consolidating accounts, which can make managing your retirement savings more complicated.

Transfer to Your New Employer's Plan

Again, this option will safeguard your money from taxes and penalties and allow existing and new contributions to potentially grow and compound tax deferred. However, you will be subject to any new plan restrictions and investment options.

Roll it into an IRA

A Rollover IRA may be the most flexible option. It helps you to avoid taxes and penalties, allows your money to continue to grow and compound tax-deferred, gives you the advantage of determining your own investment universe and, subject to certain restrictions, allows you to make early withdrawals for certain disability or medical expenses, qualified higher education expenses and a first-time home purchase.

Take the Money

The advantage here is you have immediate access to your money. You will be taxed on this money at your current tax rate and if you are under age 59 ½ an extra 10% IRS penalty may apply. In addition, this distribution will be considered earned income, which could put you in a higher tax bracket and will affect how you are taxed on ALL your income for that year.

Have Questions or Need Assistance?

For more information about your retirement options, call 1.800.876.9557 to speak with a participant service representative and schedule a complimentary consultation with a financial consultant. Together, we'll create an investment strategy designed to help your money work harder—so you can enjoy greater financial freedom in retirement.

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