Rollovers from Employer-Sponsored Retirement Plans

Important information about options

If you are considering whether to roll out savings in an employer-sponsored retirement plan, please read the following pros and cons of your distribution options very carefully before making a decision.

Your Options	Pros	Cons
Remain in your plan	• Continue any tax-deferred growth opportunities. • Avoid early withdrawal penalties. • Move your savings to another retirement plan later. • Have continued access to your plan investment options and services. • Protection from creditors. • Likely has lower fees than an IRA. • May have a Roth conversion option. • May be able to delay required minimum distributions past age 73, if still working. • Likely includes low-cost institutional funds not available to the general public. • May have investment advice and education services that could meet your needs.	• Limited to the plan's investment options. • May not be able to remain in the plan if your account is less than $5,000. • You typically can't take a loan against your old 401(k) plan once you are no longer an active employee. • You may still have to pay plan administrative fees (e.g., recordkeeping, compliance, trustee fees), **although some employer plans pay for these administrative expenses at no cost to you.** • Might end up with retirement savings in multiple accounts with multiple providers. • Some plans offer only lump-sum distributions and do not have lifetime income options—you should check your plan's terms for more information about available distribution options.
Roll over to another employer's plan	• Continue any tax-deferred growth opportunity. • Avoid early withdrawal penalties. • Move your savings to another retirement plan later. • Have continued access to your plan investment options and services. • Protection from creditors. • Likely has lower fees than an IRA. • May have a Roth conversion option. • May be able to delay required minimum. • distributions past age 73, if still working. • Likely includes low-cost institutional funds not available to the general public. • May have investment advice and education services that could meet your needs.	• Limited to the investment options and services offered by that plan. • You may still have to pay plan administrative fees (e.g., recordkeeping, compliance, trustee fees), **although some employer plans pay for these administrative expenses at no cost to you.**

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Options (continued)

Your Options	Pros	Cons
Roll over to an IRA	• Continue any tax-deferred growth opportunity. • Avoid early withdrawal penalties. • Have flexibility to select investment services and options that fit your specific needs. • Choose a Roth after-tax account, if appropriate. • May be able to consolidate your personal and retirement assets with one provider. • More flexible income and distribution options.	• Can't borrow against your IRA assets. • Annual fees and/or commissions apply, and may be higher than your plan. • May lose access to lower cost institutional share classes and other investment options available only to plan investors. • May be custodial and other maintenance fees. • As securities held in the plan generally can't be transferred to the IRA, commissions charged on transactions in the IRA will be in addition to commissions and sales charges previously paid on transactions in the retirement plan. • IRA assets are protected in bankruptcy proceedings only.

A final option: Take a distribution in cash

You can decide to take the money out of your plan. Taking a distribution in cash means you will have some money to spend right now, but this option can come with a price. For example, you will lose the ability to grow your savings on a tax-advantaged basis. In addition, your distribution may also be subject to state and federal taxes, including a mandatory 20% federal withholding. If you are under age 59½, a 10% early withdrawal penalty may also apply.

Taking a distribution of shares of company stock may lower taxes, if eligible. If you are thinking about cashing out, be sure to factor in these penalties and consider if you would be better off keeping your money invested for the long term. Please consult with your tax advisor for additional information.

A Roth offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the account are tax free. Withdrawals of earnings prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. A Roth conversion may include income tax consequences on the converted amount in the year of conversion, withdrawal limitations, and income limitations for future contributions to a Roth account. All investing involves risk including loss of principal.

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