

# Understanding your retirement plan choices

The right decision can go a long way toward providing the retirement you've been planning for.



**If you're thinking about retiring or changing jobs, you have an important decision to make.**

For years you may have been accumulating assets for retirement by participating in your employer's 401(k), 403(b), 457(b) or other retirement plan.

If you're about to retire or leave an employer for a different career opportunity, you have to make one of the most important financial decisions of a lifetime.

With a decision of this magnitude, you need to make a thorough analysis of the options available and how they will impact finances. The following chart provides a quick summary of some alternatives.

Distribution Options*	Benefits	Investment Choices	Items To Consider	Tax Considerations
<b>Leave it where it is (if available and if permitted) without taking any distributions</b>	<ul style="list-style-type: none"> <li>You don't have to make an immediate decision</li> </ul>	<ul style="list-style-type: none"> <li>Limited to those offered by the plan</li> <li>May have employer stock</li> </ul>	<ul style="list-style-type: none"> <li>You may need to maintain a minimum balance</li> <li>You can no longer make contributions</li> <li>Loans are no longer available</li> <li>Distributions from qualified plans are required to begin April 1st of the calendar year following the later of: <ul style="list-style-type: none"> <li>the calendar year you attain age 73</li> <li>the calendar year of retirement (unless you own 5% or more of your employer)</li> </ul> </li> <li>May have limited beneficiary choices</li> <li>There may be different levels of service available</li> <li>If you hold significantly appreciated employer stock in a plan, there may be negative tax consequences of rolling stock into an IRA</li> <li>Plan assets generally have unlimited protection from creditors</li> </ul>	<ul style="list-style-type: none"> <li>No mandatory 20% federal income tax withholding</li> <li>No 10% federal tax penalty on premature distributions</li> <li>Money still has growth opportunities</li> </ul>
<b>Roll it over into new employer's retirement plan via (if available and if permitted) trustee-to-trustee or plan-to-plan without taking any distributions</b>	<ul style="list-style-type: none"> <li>You can make contributions to the new plan and have your money consolidated in one account so it's more manageable than multiple accounts</li> <li>Employer plan may have loan provisions</li> </ul>	<ul style="list-style-type: none"> <li>Limited to those offered by the plan</li> <li>May have employer stock</li> </ul>	<ul style="list-style-type: none"> <li>Not all qualified plans accept a rollover</li> <li>Distributions from qualified plans are required to begin April 1st of the calendar year following the later of: <ul style="list-style-type: none"> <li>the calendar year you attain age 73</li> <li>the calendar year of retirement (unless you own 5% or more of your employer)</li> </ul> </li> <li>May have limited beneficiary choices</li> <li>May be able to take penalty-free withdrawals</li> </ul>	<ul style="list-style-type: none"> <li>No mandatory 20% federal income tax withholding</li> <li>No 10% federal tax penalty on premature distributions</li> <li>Money in qualified plan grows tax deferred</li> </ul>
<b>Take a lump sum distribution and pay taxes</b>	<ul style="list-style-type: none"> <li>Immediate access to money</li> </ul>	<ul style="list-style-type: none"> <li>Spend or re-invest the money any way you would like</li> </ul>	<ul style="list-style-type: none"> <li>Lose benefits of tax deferral</li> <li>Reduce growth or income potential</li> <li>Rollover to an IRA or qualified plan is generally only available during first 60 days after distribution</li> </ul>	<ul style="list-style-type: none"> <li>Immediate taxes due on the distribution</li> <li>Mandatory 20% federal income tax withholding</li> <li>Possible 10% federal tax penalty on premature distributions if under the age of 59½</li> <li>Earnings are taxed each year (unless invested tax-free or tax-deferred investments)</li> <li>Future annual earnings on this money will be added to your other income, possibly raising your income tax bracket</li> </ul>
<b>Roll it over into an IRA via trustee-to-trustee without taking any distributions</b>	<ul style="list-style-type: none"> <li>Provides control over money</li> <li>Ability to provide beneficiary with estate planning options</li> </ul>	<ul style="list-style-type: none"> <li>Wide range of choices in an IRA</li> <li>Cannot invest in collectibles</li> </ul>	<ul style="list-style-type: none"> <li>Must start taking Required Minimum Distributions by April 1st of the year following the year you turn age 73</li> <li>May have more flexibility in naming beneficiaries</li> <li>There may be different levels of services available</li> <li>May involve fees and expenses; please compare these to the current plan.</li> <li>If you leave a job between ages 55 and 59½, you may be able to take penalty-free withdrawals from a plan. You generally may not take penalty-free withdrawals from an IRA until age 59½</li> </ul> <p>Note: State laws vary as to whether IRA assets are protected in lawsuits</p>	<ul style="list-style-type: none"> <li>No mandatory 20% withholding</li> <li>No 10% federal tax penalty on premature distributions</li> <li>Maintain tax deferral</li> </ul>
<b>Receive retirement plan proceeds and then roll it over</b>	<ul style="list-style-type: none"> <li>Continue deferring taxes</li> <li>Planning flexibility — partial rollovers are permitted</li> <li>You have 60 days from receipt of the cash to decide what to do</li> <li>A possible wide range of investment choices if you roll it over into an IRA</li> </ul>	<ul style="list-style-type: none"> <li>Possible limits on investment choices if you roll over into an employer's plan</li> </ul>	<ul style="list-style-type: none"> <li>Minimum distribution requirements generally after age 73</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory 20% federal income tax withholding</li> <li>Possible 10% early withdrawal penalty and taxes if you don't roll over the full amount</li> <li>Amount withheld could be a taxable distribution</li> <li>Need to make up the 20% amount withheld from other money sources you have in order to prevent it from being treated as a taxable distribution</li> </ul>

\*Other distribution options may be available to you, please reach out to your plan administrator for more information.

**The information contained in this document is intended to be informational in nature and should not be considered a recommendation or individualized advice to a specific individual.**

You should consider the different levels of service available under each option. Some plans provide access to investment advice, planning tools, telephone help lines, educational materials and workshops. IRA providers offer services that range from full brokerage service, investment advice, distribution planning and access to online securities execution.

**Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and nothing in this brochure should be construed as legal, tax or accounting advice. Individuals should confer with a qualified legal, tax and accounting advisors as appropriate.**

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This Disclosure outlines important information to consider before you decide to rollover, or transfer, an employer-sponsored retirement plan ("plan") to an Individual Retirement Account (IRA).

If you decide to rollover or transfer plan assets to an IRA — rather than keeping the assets in a previous employer's plan or rolling over to a new employer's plan — you should consider various factors, depending on their individual needs and circumstances.

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