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| **PROVIDED EDUCATION ONLY - REVIEW OF CLIENT CONSIDERATIONS** | | | | |
| Rolling over a 401(k) balance to an Individual Retirement Account (IRA) is only one option when leaving an employer. Employees should be educated on the alternatives to rolling over their account balances and consider several factors based on each personal circumstance. The information below is meant to education clients on the advantages and disadvantages of each option. | | | | |
| **CURRENT PLAN** | **ROLL TO AN IRA** | | **ROLL TO A ROTH IRA** | **CASH DISTRIBUTION** |
| **ADVANTAGES** | | | | |
| * No immediate action is required. * Any earnings remain tax-deferred until you withdraw them. * You may have access to investment choices, loans, distribution options, and other services and features that are not available with a new 401(k) or an IRA. * You still have the option of rolling over to an IRA or to a 401(k) offered by a new employer in the future if the new employer's plan accepts rollovers. * Your former employer may offer additional services, such as investing tools and guidance. * Under federal law, assets in a 401(k) are typically protected from claims by creditors. * Your former employer's plan may have lower administrative and/or investment fees and expenses than a new 401(k) or an IRA. * You may be able to take a partial distribution or receive installment payments from your former employer's plan. * If you leave your job between ages 55 and 59½, you may be able to take penalty-free withdrawals. * Required minimum distributions (RMDs) may be delayed beyond age 72 if you're still working. | * Your money can continue to grow tax deferred. * You may have access to investment choices that are not available in your former employer's 401(k) or a new employer's plan. * You may be able to consolidate several retirement accounts into a single IRA to simplify management. * Your IRA provider may offer additional services, such as investing tools and guidance. | | * You can roll Roth 401(k) contributions and earnings directly into a Roth IRA tax-free. * Any additional contributions and earnings can grow tax-free. * You are not required to take RMDs. * You may have more investment choices than what was available in your former employer's 401(k). * Your Roth IRA provider may offer additional services, such as investing tools and guidance. * You can consolidate multiple retirement accounts into a single Roth IRA to simplify management. | * Having the cash could be helpful if you face an extraordinary financial need. |
| **DISADVANTAGES** | | | | |
| * If you hold stock in your former employer in the plan, you may have special tax or financial planning needs you should consider before rolling over your assets to a new employer's 401(k) or an IRA. * You can no longer contribute to a former employer's 401(k). * Your range of investment choices and your ability to transfer assets among funds may be limited. * Managing savings left in multiple plans can be complicated. * The fees and expenses for your former employer's 401(k) may be higher than those for a new employer's 401(k) or an IRA. | * You can't borrow against an IRA as you can with a 401(k). * You may pay annual fees or other fees for maintaining your IRA, or you may face higher investing fees, pricing, and expenses than you would with a 401(k). * Some investments that are offered in a 401(k) plan may not be offered in an IRA. * Your IRA assets are generally protected from creditors only in the case of bankruptcy. * Rolling over company stock may have negative tax implications. | | * You can't borrow against a Roth IRA as you can with a 401(k). * Any Traditional 401(k) assets that are rolled into a Roth IRA are subject to taxes at the time of conversion. * You may pay annual fees or other fees for maintaining your Roth IRA at some companies, or you may face higher investing fees, pricing, and expenses. * Some investments offered in a 401(k) plan may not be offered in a Roth IRA. * Your IRA assets are generally protected from creditors only in the case of bankruptcy. | * Taxes and penalties for taking a cash distribution may be substantial. * Withdrawals before age 59½ may be subject to a 10% early withdrawal penalty and will be taxed as ordinary income. * Your savings will no longer grow tax deferred. * Withdrawing your money may impact whether you have enough money for retirement. |
| By signing below, I have reviewed and understand the advantages and disadvantages of each of the available option. In addition, I have fully discussed the available options with my Investment Adviser Representative (IAR). My IAR has provided me solely with the education to consider all options and has not provided me with a recommendation. I have independently determined that I wish to proceed with transferring the assets to an IRA managed advisory account. | | | | |
| Print Client Name: | | Client Signature: | | |