401(k) DISTRIBUTION

OPTIONS TO TAKE CHARGE OF YOUR RETIREMENT SAVINGS

Exploring 4 different options to enhance your retirement planning confidence

When you change jobs or retire, you'll need to decide what to do with your retirement plan savings. You have several options including leaving your money where it is, rolling it over to your new employer's plan, rolling it over to a qualified account (like an individual retirement account or IRA) or taking it in cash.

The decisions you make today will impact your future, so it's important to understand the pros and cons as you weigh each option and decide which may be best for your situation.

OPTION #1

LEAVE IT WHERE IT IS

PROS

- Your money continues to grow tax-deferred
- You avoid paying current taxes
- You can move money between investments without tax consequences
- You continue access to the existing investment options and negotiated fees in your plan

CONS

- You're limited to the investment options in the plan
- You may not be able to access the money if you need it before retirement (e.g., loans may not be available)
- Plan restrictions may apply

OPTION #2

ROLL IT INTO YOUR NEW EMPLOYER'S PLAN, IF AVAILABLE

PROS

- You can streamline and consolidate your retirement assets
- Your money continues to grow tax-deferred
- Investment options may be better suited to your goals
- Some plans may offer special features (e.g., in-Plan Roth conversion, financial wellness resources, planning tools)

CONS

- You're limited to the investment options in the plan
- You may have a waiting period before you're eligible to participate
- You may be limited to the new plan's rules and restrictions
- Investment fees may be higher

OPTION #3

ROLL IT OVER TO A QUALIFIED RETIREMENT ACCOUNT (LIKE AN IRA)

PROS

- Your money continues to grow tax-deferred
- You may have access to a wider range of investment choices
- You may be able to roll some or all of your assets to an employer's retirement plan in the future
- You may be able to take penalty-free withdrawals from your IRA before you reach retirement age

CONS

- No access to potentially lower-cost investment options and fees exclusive to an employer's plan
- Too many investment options can be overwhelming
- You can only do an IRA rollover once a year, and you have just 60 days to complete the process to avoid potential tax consequences
- No special features (e.g., loans)

OPTION #4

TAKE IT IN CASH

PROS

- Immediate access to all or a portion of your funds
- You may invest your funds however you want (after paying applicable taxes or penalties)

CONS

- You'll pay hefty taxes and penalties if you take the money out before age 59 1/2
- Your savings will lose its tax-deferred status
- After 60 days, you can't roll the money over to an IRA or another employer's plan

There are many factors to consider when it comes to distribution options. Understanding these options will help you make an informed decision about what to do with your retirement savings when the time comes. Contact us to discuss how you can confidently plan for retirement.

RETIREMENT SOLUTION GROUP

Retirement Solution Group
866.352.7731 | Info@RetirementSolutionGroup.com
Chicago, IL | Portsmouth, NH

RetirementSolutionGroup.com