



**WHAT**  
**SHOULD I DO**  
*with my old*  
**401(k)**  
*or* **EMPLOYER PLAN**

*A clear guide to your options for **401(k)**, **403(b)**, and some **457** plans*  
**(including how to avoid a surprise tax bill or IRS penalties that could put you in the crosshairs)**

**W**hen you leave an employer (whether you're changing jobs or retiring), your retirement plan doesn't automatically move for you. You have to make a critical decision (or risk having that decision made for you in a way that's better for the company or costs you money).

Your employer plan is one of your most valuable retirement assets, and deciding where it should go next is a decision with plenty of nuances, pitfalls, and opportunities.

- ✓ *Handle it the right way, and you've protected your money's tax-deferred growth and are in an optimal position for your current and future goals.*
- ✗ *Handle it the wrong way, and you've given yourself a surprise tax bill, potential IRS penalties, or robbed yourself of potential future wealth.*

## If you fall into any of these categories...

**I left my old company and I need to figure out what to do with my old plan**

**I've got "zombie" plans sitting around and I've got questions about what I should do with them**

**I'm at or nearing retirement and I need to figure out how to turn my retirement plan into income**

**You're in the right place.** After you're done reading this guide, you'll decide **which of these strategies makes the most sense** for your old retirement plan and know **how to take the next steps** that are right for you.

## *This guide will help you answer questions like:*

- *What should I do with the retirement plan at my old employer?*
- *Do I have to move it?*
- *Where should I put it?*
- *Will I owe taxes on it if I move it?*
- *What kind of IRA do I need?*
- *How do I turn it into retirement income?*

## *Inside, you'll find:*

- *Your 5 options for handling old employer plans (including 401(k)s, 403(b)s, and some 457 plans)*
- *The steps you need to follow to execute on each option*
- *How to avoid accidentally making your retirement account permanently taxable*

If you're at or approaching retirement, you've got more to consider than just where to move your old plan. You'll need to decide where your income is coming from, choose when to claim Social Security and Medicare, determine the right order to draw down your accounts, and much more. Want help? Reach out by email or phone to set up a 1-on-1 chat. We'll work through your options and make the smartest decision.



**LONGEVITY**  
FINANCIAL





## Option 1: *Don't Touch a Thing*

If your employer's plan allows it, you may be able to leave your account where it is, though you won't be able to continue making contributions to it. However, you'll be stuck dealing with whatever limited service is offered to ex-employees.

### PROS:

- If you retire after age 55, you may not owe a 10% penalty on withdrawals
- If you own considerable company stock, you might qualify for a special tax break (called Net Unrealized Appreciation)
- You may have access to plan loans
- You may qualify for federal creditor protection

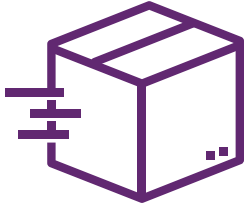
### CONS:

- You may end up with a trail of old accounts gathering dust
- Not all employers will allow you to leave your plan (it may depend on the size of the balance)
- Plan fees may increase without your knowledge
- You may have limited withdrawal options
- Investment options are limited to the standard options currently offered to employees
- Your investments may not be optimized for taxes or your overall financial goals

**How to Execute:** Contact your previous plan administrator and ask to leave the plan in place.

***Before Making the Move:*** To decide if this is the best option for you, you'll need to evaluate a lot of factors. I can help you work through the options and make the smartest decision.





## Option 2: *Move it to Your New Employer*

If you're still working, a new employer might allow you to simply transfer your old account balance to the plan they offer their employees. Not all employers allow you to do it, but it's worth asking about.

### PROS:

- You'll have your employer plans in one place
- You won't pay taxes on the distribution if you transfer directly
- You'll have the protections and benefits of the current plan

### CONS:

- Your new employer may not allow you to transfer your old account
- You'll be limited to the investment options offered by the new plan
- Many employers will require you to wait to become eligible to enroll in the new plan

**How to Execute:** Contact the HR department at your new employer and ask them to put you in touch with the plan administrator. If the transfer is possible, they'll give you instructions on how to complete the move.

**Before Making the Move:** To decide if this is the best option for you, you'll need to evaluate factors like fees, investment availability, enrollment periods, and your personal goals. Want help? Reach out by email or phone to set up a 1-on-1 chat. I can help you work through the options and make the smartest decision.





### **Option 3: *Raid the Piggy Bank*** ***(Cash It Out)***

You have the right to cash out your old employer plan and take a check. This is probably your worst move because the financial repercussions are serious (and permanent).

#### **PROS:**

You'll get immediate cash.

#### **CONS:**

You'll owe income taxes on the account value

Your employer may automatically withhold 20% for taxes

You'll owe penalties if you're under age 59½ (unless you qualify for an exemption)

You'll do permanent damage to your long-term goals

**How to Execute:** Contact your previous plan administrator and ask them to liquidate the account and send you a check.

***Before Making the Move:*** If you're thinking about raiding your piggy bank, I strongly encourage you to get a second opinion since the costs are so high. Want help? Reach out by email or phone to set up a 1-on-1 chat. I can help you work through the options and make the smartest decision.



“Moving your old plan into an IRA gives you maximum control over your money (including advanced ways to optimize your taxes), but ***there are two basic ways to do it.***”





## Option 4: *The Not-So-Simple Indirect IRA Rollover*

You have the option to take a check from your old plan and roll it over into an IRA within 60 days. Some people like the idea of having a free 60-day loan, but indirect rollovers are fraught with potential (and expensive) mistakes.

### PROS:

You'll get immediate access to the cash for 60 days

When the rollover is completed, you'll get the benefits of an IRA, including:

- Access to many investment options
- Tax optimization strategies (including, Roth conversions, backdoor Roth IRAs, etc.)
- Investment optimization for your overall financial picture

### CONS:

You have to manually take the check and remember to deposit it into your IRA

Indirect rollovers get reported to the IRS

If you fail to roll the funds over within 60 days, you'll owe taxes and potential penalties

You risk making your retirement funds fully taxable forever

You risk losing out on any market gains that happen within your rollover window

Your employer may automatically withhold 20% for taxes (and you'll have to make up the amount from other funds)

You only get one indirect rollover every 365 days (no matter how many accounts you have)

Your new IRA might have higher fees than the old plan (we can help you evaluate them)

While you may be allowed to take penalty-free withdrawals from an employer plan after age 55, you typically can't withdraw penalty-free from an IRA until age 59½

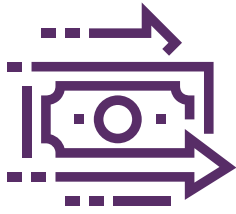
Typically, assets in an employer retirement plan have greater protection from creditors than assets held in an IRA

Once you reach age 72, you'll need to take Required Minimum Distributions (RMDs) from both employer plans and IRAs. However, if you continue to work past age 72, you generally aren't required to take RMDs from your current employer's plan.

**How to Execute:** Contact your previous plan administrator and ask them to liquidate the account and send you a check. You'll have to send the check to your new IRS custodian (and have it deposited) within 60 days, unless you qualify for a limited exemption to the 60-day rule.

**Before Making the Move:** If you're thinking about doing an indirect rollover, I encourage you to reach out for help, since this is the type of rollover that most often leads to mistakes and IRS penalties. I can help you work through the options and make the smartest decision.





## Option 5: *Direct Rollover to an IRA*

Directly rolling over your account assets to an IRA is called a “trustee-to-trustee” transfer, and is a seamless process that avoids all the limits placed on rollovers by the IRS. It gives you all the benefits of your own, personalized IRA without the pitfalls of an indirect rollover.

### PROS:

You’ll get the benefits of an IRA, including:

- Access to many investment options
- Tax optimization strategies (including, Roth conversions, backdoor Roth IRAs, etc.)
- Investment optimization for your overall financial picture
- You’ll avoid all potential IRS penalties by never taking “custody” of the money
- You won’t owe taxes on the transfer
- Your employer won’t withhold any amount from the balance for taxes

### CONS:

You’ll have to do some paperwork (we can help)

Your new IRA might have higher fees than the old plan (we can help you evaluate them)

While you may be allowed to take penalty-free withdrawals from an employer plan after age 55, you typically can’t withdraw penalty-free from an IRA until age 59½

Typically, assets in an employer retirement plan have greater protection from creditors than assets held in an IRA

Once you reach age 72, you’ll need to take Required Minimum Distributions (RMDs) from both employer plans and IRAs. However, if you continue to work past age 72, you generally aren’t required to take RMDs from your current employer’s plan.

**How to Execute:** Contact your previous plan administrator and ask them for a “direct rollover” to your IRA. They’ll give you the next steps they need you to take (such as giving them the name of your new IRA company).

**Before Making the Move:** A direct rollover is the smartest way to avoid nasty rollover mistakes, but it comes with a little paperwork and careful consideration of the right kind of IRA.

Want help? Give my office a call, and we’ll set up a time to walk through the paperwork together and talk through your options to make the smartest rollover decision.





# *Overwhelmed?* You don't need to decide by yourself

As a taxpayer, you've earned the right see your retirement savings grow in the most tax-efficient manner. This guide has showed you that you have a lot of options. I want to warn you about the #1 mistake I see people make with their most important retirement asset: Doing nothing at all.

Mistakes with old employer plans are common and can be very costly. They are also easily avoidable if you know exactly what to do. If you're not 100% confident in your next steps, you don't need to go it alone. All you need to do is call my office at the number below.

## Right now, you might be asking yourself questions, like:

- *I have a 401(k) and stocks... where do I roll over the money?*
- *What rules apply to my 403(b)/457/pension plan?*
- *Can I roll my 401(k) directly into a Roth IRA?*
- *I have pre-tax and after-tax contributions... can I roll them all over?*
- *What kind of IRA do I need?*
- *How much am I paying in fees in my employer's plan?*
- *Will I owe taxes on this money in retirement?*

If you are, I'd like to invite you to ask me those questions directly in a 1-on-1 meeting. You'll walk away with complete clarity about what to do next. We'll answer your questions, talk about the retirement plan decisions you'll need to make, and you'll walk away with the answers you need and the exact next steps you need to take.

## Most importantly, my team and I will show you how to:

- Avoid rolling over funds the wrong way and getting penalized by the IRS*
- Avoid accidentally violating IRS rules*
- Avoid making your retirement funds permanently taxable*
- Avoid accidentally taking custody of your retirement funds (and triggering a taxable event)*
- Understand the exact rules of your plan*
- Take advantage of every IRS benefit to maximize your growth*
- Make sure the funds are invested FOR YOU and not for a company's benefit*
- Tax optimize your account (so you pay as little in taxes now and in the future)*

I'm really excited to see what we can achieve together.

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