



401(K) ACTION STEPS TO TAKE NOW IN ORDER TO TAKE CHARGE OF YOUR FINANCIAL LIFE



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Have you ever switched jobs?

Research shows the average American employee switches jobs 11 times before retiring.¹

Job changes mean many Americans have old 401(k) plans that may not be allocated properly to help prepare them for retirement.

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Every time you change jobs, you need to make some choices about what to do with your old 401(k) so that it keeps up with your financial needs. Generally, you have four basic options with any 401(k):

- You can leave the assets in the old employer's plan (if the plan permits it).
- You can roll the assets over into your new employer's plan (if one is available and the plan permits it).
- You can roll the assets over into an Individual Retirement Account (IRA).
- You can take a cash distribution (and deal with the potential tax consequences).

In this special report, we'll help you avoid common (and expensive) rollover mistakes and show you how you can use your 401(k) rollover as an opportunity to help your retirement preparations.

Each of these options has some advantages and disadvantages to consider. In this special report, **we'll help you avoid common (and expensive) rollover mistakes and show you how you can use your 401(k) rollover as an opportunity to help your retirement preparations.**

HIGHLIGHTS INCLUDE:

- POWERFUL INFORMATION THAT COULD POTENTIALLY SAVE YOU IN TAXES AND FEES.
- TIPS TO HELP PUT YOU ONE STEP AHEAD IN YOUR RETIREMENT PREPARATIONS.
- CRITICAL MISTAKES THAT CANNOT BE CORRECTED (AND HOW TO AVOID THEM).

1. CONSIDER YOUR INVESTMENT CHOICES

Every investor is different and volatile markets make customized strategies important to achieving your financial objectives. Workplace retirement plans often offer limited investment options that may not be right for your financial situation. In contrast, IRAs can hold nearly any type of investment, giving you flexibility in your investment strategies. While your 401k plan may have a limited number of options, it's important to keep in mind that those options may be available to you at a lower cost than those in an IRA.

2. CONSIDER YOUR EXPENSES

401(k)s and other workplace retirement accounts come with administrative fees and expenses that may have a portion paid by the employer. While IRAs have very simple fee structures that make it easy to know exactly what you're paying for, the investor is responsible for all fees. These can include administrative, account set-up, custodial and ongoing investment related expenses.

As independent financial professionals, we're committed to being completely transparent about the costs and fees associated with any investment we recommend. We don't have sales quotas and are not tied to proprietary investments. We work with each of our clients to find investments that are best suited to their needs and long-term goals.

3. DON'T BE TEMPTED TO CASH OUT!

When our clients come to us for guidance on rolling over a 401(k) or other workplace retirement plan, we may recommend that they do a direct rollover that transfers their assets from their old plan directly to their

IRA account. This process has the benefit of being simple and not reportable to the IRS.

However, you also have the option to liquidate your old plan and receive the money directly. While it can be tempting to see your savings as a quick source of cash, cashing out can be a big mistake that may cost you thousands in penalties and taxes as well as prohibit you of years of future growth.

Do You Own Company Stock in Your 401(k)? Consider Your Options

If you roll over company stock that has gained value over time, you could be taxed on the investment gains at your ordinary income tax rate, which for some can be over 40%! However, there is a special tax strategy – called net unrealized appreciation – that may help you avoid a high tax bill if you make the right moves early on. It involves distributing the company stock into a taxable account. Call our office for a complimentary consultation to learn about your options.

If instead you decide to take a distribution from your old plan or you don't roll the assets over within the 60-day window, you will trigger IRS reporting and potentially saddle yourself with a big tax bill.² Taking a check from your old plan administrator will require an automatic 20% withholding tax and be reported to the IRS.³ If you delay moving the assets to your IRA account, you could miss your 60-day window and be forced to pay penalties and taxes on your entire distribution.

Worried About Your Financial Future? We Can Help.

If you're not sure where to start or aren't confident in your ability to meet your retirement savings goals, you're not alone. Most Americans are worried about how to reach a comfortable retirement in uncertain economic times. At our office, we specialize in offering one-on-one guidance for all of life's important financial transitions. We can help you understand your personal financial situation and show you exactly what you need to do to pursue your financial goals.

4. TAKE CONTROL OF YOUR FINANCIAL LIFE

There are many factors to consider before making a decision about your 401k plan at a former employer. Among those factors are the following:

Services - consider your need for investment advice, planning tools, customer service, educational materials and future planning.

Penalty-free Withdrawals - consider how soon you may need this money. An employee between the ages of 55 and 59 1/2 may be eligible for penalty free withdrawals from an employer plan whereas a withdrawal from an IRA would be taxed if taken before age 59 1/2.

RMD's - consider how long you are gong to work. If you are still working at age 70 1/2 you may not be required to take an RMD from an employer plan; however, an IRA would require you to begin taking distributions.

Protection from Creditors - Employer plan assets have unlimited protection from creditors and IRAs are only protected in bankruptcy proceedings.

In our experience, investors tend to lose track of accounts that aren't right in front of them. Life gets busy and failing to modify your investment strategies to make sure they keep up with your needs can undermine your long-term financial success. Putting your assets in one place can help ensure that your investment allocations are reviewed regularly and remain consistent with your financial goals.

Why Work with a Financial Professional?

When you work with a financial professional you have the ability to build a completely customized financial strategy that puts you and your financial goals first. One of the benefits of working with a firm like ours is the comfort of knowing that you have a team of professionals continuously monitoring your investments and keeping you on track.

Investments are just one piece of your overall financial picture. As professionals, we take every aspect of your financial life into consideration when building customized strategies for your retirement. To take one example, many investors fail to consider how taxes will affect their investment returns.

Research shows that taxes can weigh down your taxable portfolio's return as much as 2% annually.⁴ **By not taking taxes into consideration, a hypothetical \$150,000 portfolio could lose nearly \$500,000 to taxes over 30 years.**⁵ Tax-efficient investing strategies can help you keep more of your gains and lower your taxes each year.

What Should You Do Next?

Whether you're leaving your job to pursue other opportunities or are on the wrong side of the economic downturn, the transition can be a stressful experience. Discussing your situation with a financial professional who focuses on working with executives can help you relax and explore all your options.

Reserve Your Free Financial Strategy Session Today

In our complimentary session, we'll take a look at your current financial situation and present you with strategies that make the most sense for you and your financial future.

WE'LL TEACH YOU:

- What you can do with company stock (that may save you on your tax bill).
- The dangers of holding too much company stock (and what to do about them).
- Tax mistakes you can't afford to make with your rollover.
- How to prevent job losses or money emergencies from derailing your financial future.

We developed this session format after helping hundreds of our clients manage their finances during critical life transitions. Please be assured this consultation will not be a sales presentation in disguise; it consists of the best information our team can provide within the span of a single meeting and will focus on you and your needs, without any sale recommendations.

We'll also send you a free Checklist that can help you prepare for financial emergencies and give you confidence knowing that you are being prepared for the unexpected.

To schedule your no obligation session, please call our office at 561-361-8140.

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Footnotes, disclosures and sources:

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Diversification cannot guarantee a profit or protect against loss in a declining market.

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1 <http://www.finra.org/investors/smartinvesting/retirement/smart401kinvesting/moving/>

2 Please discuss taxation issues with a qualified tax specialist.

3 <http://www.irs.gov/Retirement-Plans/Plan-Participant,-Employee/Rollovers-of-Retirement-Plan-and-IRA-Distributions>

4 <http://individual.troweprice.com/retail/pages/retail/applications/investorMag/2014/march/take-note-cover-story/index.jsp>

5 Calculation assumes initial investment of \$150,000, a 7% compound annual return over 30 years with a 2% loss to taxes, and no contributions or withdrawals. Example excludes the effects of interest, dividends, fees, or inflation.