

Employee Transition Solution

The departure of employees is difficult for all parties involved. The Employee Transition Solution can help make the process less stressful, giving former employees the tools and advice they need to move forward.

An involuntary job change is one of life's most stressful events. Former employees may struggle to make good decisions about managing their resources during the transition:

About **40%**¹ of terminated employees cash out their retirement accounts:

- Resulting in current income and penalty taxes from premature distributions
- Threatening their future retirement income

They need help. And when they don't get the support they need from you, they often turn to coworkers to vent their frustrations. This may lead to poor morale among employees who remain.

The Employee Transition Solution helps you provide support for former employees during a tough time in their life. They have access to a registered financial advisor, who can help them:

- Learn about their options for their retirement plan accounts
- Keep their money invested
- Maintain their asset allocation strategy
- Transfer their accounts into a new employer's plan or an IRA where appropriate

The service **helps maximize your resources**, addressing plan sponsor issues such as:

- Reducing administration and recordkeeping for terminated accounts, and the costs of those services
- Simplifying processes for maintaining contact with former participants
- Managing fiduciary responsibilities associated with "lost" participants



Using a streamlined outreach process, we strive to reach **100%** of your terminated participants. Small accounts (less than \$5,000) are automatically transferred into a safe harbor individual retirement account (IRA) consistent with Department of Labor regulations. All activity is documented, and you receive reports detailing:

- Participant outreach efforts
- Missing participant searches
- Disposition of participant assets

When you implement the Employee Transition Solution, you help former employees understand their options and keep their retirement on track, while reducing plan costs for current participants. The rollover process is streamlined and efficient, and fiduciary liability associated with former employee accounts is reduced, **all at no cost to the plan sponsor.**

Start today. You can help separating employees remain on track toward retirement. Contact your LPL Financial advisor to sign up.

Continued

¹ AON Hewitt, *Leakage of Participants' DC Assets: How Loans, Withdrawals and Cashouts are Eroding Retirement Income*, 2011

Automatic Rollover Program

The Challenge

Today's employees often leave their company after a few years, but don't take their retirement accounts with them. This can create a significant burden and add to administrative costs. To help mitigate these burdens, the Economic Growth and Tax Relief Reconciliation Act of 2001 amended the Internal Revenue Code to allow plans to establish IRAs for departed employees with plan balances of \$5,000 or less for an active plan, and any balance for a terminating plan.

You may want to take advantage of our automatic rollover program, which helps your plan save time and money while preserving deferred retirement savings for departed employees.

The Solution

LPL Financial is partnering with Millennium Trust,² a leading provider of IRA administrative and custody services. Through this partnership, LPL Financial can offer your plan a complete and efficient process to support high volumes of IRA rollover activity. Millennium Trust has the flexibility to accept all eligible account balances as determined by the provisions of your plan.

Our services include:

- No cost to the plan sponsor or advisor
- No minimum balance requirement
- Comprehensive search for missing participants
- FDIC-insured bank demand account with a broad range of other investment options
- Competitive account fees
- Personalized account welcome kit
- Dedicated call center representatives (both English and Spanish)
- Online account access
- Annual statement and tax reporting

For more details about Millennium Trust, visit www.mtrustcompany.com.

Why Choose LPL Financial

LPL Financial is the nation's largest independent broker-dealer.³ The firm provides support, including a comprehensive array of tools, resources, technology and independent research, to more than 13,000 financial advisors nationwide. Because LPL Financial has no proprietary products to sell, its financial advisors have the freedom to offer objective financial guidance and investment recommendations. LPL Financial and its affiliates have approximately 2,900 employees with headquarters in Boston, Charlotte and San Diego. Visit www.lpl.com for more information.

² LPL Financial and Millennium Trust are not affiliated entities.

³ As reported by *Financial Planning* magazine, June 1996-2012, based on total revenue.

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