

IRA Rollover Guide

UNDERSTANDING AND EVALUATING YOUR RETIREMENT PLAN OPTIONS

Many people accumulate a large part of their retirement savings in employer-sponsored retirement plans such as a 401(k) or profit sharing plan. When it comes time to leave an employer for a new job or retire, it can be challenging to know what to do with retirement savings in a current employer's plan. Employer-sponsored plans vary from one plan to the next so it's important to understand your options and evaluate your planning needs when you leave your employer.

Understanding Your Options:

Generally, you may have four options:

- **Take** - Take a lump-sum distribution
- **Keep** - Keep your assets in your former employer's plan, if allowed
- **Transfer** - Transfer your assets into your new employer's plan, if the plan accepts transfers
- **Roll** - Roll over your assets into an Individual Retirement Account (IRA)

Evaluating Your Options:

With each option, there are several factors to consider: differences in fees and expenses, services offered, available investment options, tax treatment, the availability of penalty-free withdrawals, the treatment of employer stock, required minimum distribution requirements, the level of protection of assets from creditors, your unique financial needs, and more. It is important that you understand your options so that you can develop an effective strategy for your retirement savings. No single option is right for everybody, and all of these options may not be available in all instances.

Take

Taking a lump-sum distribution is an option when considering what to do with your retirement savings when you leave an employer. The key benefit to this option is having immediate access to your retirement savings to use however you wish. While a distribution is an option, you should consider the reason you have this account in the first place: to save for retirement. You may also face significant tax consequences and penalties for withdrawing the funds if taken before age 59½.

Keep

When changing jobs you may be permitted to keep your retirement savings invested in your former employer's plan. This allows your savings to retain tax-advantaged growth potential. Keeping track of multiple retirement accounts in different locations may prove difficult over time and you will be bound by the plan's rules and restrictions on investments, possibly placing additional restrictions on accounts for former employees.

Transfer

You may also consider whether your new employer has an employer-sponsored retirement plan. Having your retirement plan accounts in one location may make them easier to manage. Transferring these assets will also allow you to maintain the tax-deferred status and your new plan may allow loans. The fees and expenses

associated with the new plan are likely to be lower than those associated with a rollover. Depending on your new employer's plan there may be a waiting period before enrollment is allowed and your investment options are limited to those chosen by the plan sponsor.

Roll

If you are considering rolling your assets into an IRA, you should compare other options to the IRA in light of the considerations above and other factors relevant to your individual situation. You should also consider that, in most cases, your Advisor will only receive compensation if you decide to open an IRA through HD Vest.ⁱ Importantly, if you roll over your assets into an IRA that is held through HD Vest, you will likely pay more in fees and expenses than you would pay in an employer-sponsored plan and you should consider that loans from an IRA are not allowed; however, your money will remain in a tax-advantaged account, and you may have broader investment options as compared to an employer-sponsored plan. If you hold company stock, you should consider that Net Unrealized Appreciation (NUA) allows only the cost basis of the company shares to be subject to tax at the time of distribution and the difference to be taxed when the stock is sold. You lose the favorable tax treatment of NUA if the shares are rolled into an IRA.

Making the Decision:

To help you evaluate your options, the Financial Industry Regulatory Authority ("FINRA") has published several pieces that are designed to educate retirement investors and help investors make sound decisions regarding retirement planning options:

- The IRA Rollover: 10 Tips to Making a Sound Decision, available here: <http://www.finra.org/investors/alerts/ira-rollover-10-tips-making-sound-decision>
- 401(k) Rollovers, available here: <http://www.finra.org/investors/401k-rollovers>

For more information about retirement investment options available through HD Vest, contact your HD Vest Advisor or visit <https://www.hdvest.com/investor-resources>.

Your HD Vest Advisor can help you understand and evaluate your options within the context of your overall financial plan. However, due to the regulations around employer-sponsored retirement plans, HD Vest Advisors will focus on educating and helping you make an informed decision, but will not offer a specific recommendation.

ⁱ HD Vest Financial Services® is the holding company for the group of companies providing financial services under the HD Vest name. HD Vest provides services related to securities products and services primarily through two of its subsidiaries: HD Vest Investment Services® and HD Vest Advisory Services® and insurance products and services through its subsidiary: H.D. Vest Insurance Agency LLC. HD Vest Investment Services is a broker/dealer registered with the Securities and Exchange Commission and a member of the Financial Regulatory Authority (FINRA), and generally provides brokerage and investment transaction-related services. HD Vest Advisory Services is registered with the Securities and Exchange Commission to provide investment advisory services. H.D. Vest Insurance Agency LLC is registered to in all 50 states to sell various insurance products. An HD Vest Advisor may be affiliated with one or all of the HD Vest companies for the purpose of offering you a broader range of financial services. HD Vest uses the term "Advisor" to refer to the registered representative, investment adviser representative or insurance agent assigned to an account, whether he or she is providing brokerage services, investment advisory services, insurance services or any combination thereof. Not all Advisors are licensed to provide investment advisory, financial planning services, or insurance services.