WHAT YOU SHOULD KNOW ABOUT RETIREMENT ASSETS

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AS THE LANDSCAPE FOR CAREER-ORIENTED PROFESSIONALS HAS SHIFTED IN RECENT DECADES, FEWER AND FEWER EMPLOYEES STAY WITH ONE EMPLOYER FROM *DATE OF HIRE* THROUGH THE *DAY THEY RETIRE*. Rather, more frequently, people change jobs seeking new professional experiences, and explore their professional options in an effort to catapult their career vertically at a more rapid rate.

This trend has created a nostalgic trail of 401(k) and retirement plan balances from previous employers that in many cases have accumulated meaningful balances. You may have an old employer-sponsored retirement plan like a 401(k) or a 403(b), or you might have a neglected tax-deferred Keogh plan if you are self-employed. Each of these meets the Qualified Plan criteria of the Employee Retirement Income Security Act (commonly referred to as ERISA), which was designed to protect an employee's retirement income and provide participants with information and transparency.

In the world of investment and wealth management, the 401(k)'s from your past are important components for a solid foundation in retirement. So, you may have an interest in reviewing your options to maximize the savings and investment efforts.

First, you can leave the money there. Generally, you can leave assets in your former employer's plan as long as you exceed a nominal minimum dollar balance (i.e., $5,000). Leaving it there could benefit you by providing access to low-cost institutional mutual funds.

Next, you could elect what's called a "rollover." A "rollover" from a qualified plan is a tax-deferred transfer of assets from your former employer plan to either your current employer-sponsored plan (if your new employer accepts rollover plan assets), or you can roll it into your own Individual Retirement Account (Rollover IRA).

Both rolling assets into your current employer plan or a Rollover IRA have potential advantages over leaving the money in the former plan. First, aggregating the assets is a powerful way to make balances more reflective of your wealth over time. If you have $75,000 in a former 401(k), $120,000 in another employer plan, yet you work for a different company where you have a $175,000 401(k) balance, then each of the three on their own are important, but the magnitude of your investment effort is diluted when viewing the balances separately. Often, the visual of $370,000 (the total balance consolidated into one account) can have an inspiring effect on the psyche, helping to motivate more of the same behavior, contributions and planning for the future.

Also, if you're managing the balance on your own, doing so for one account is simpler than making changes on three different accounts. Another potential advantage of rolling assets into your employer-sponsored plan can be lower expenses as the employer benefits from "economies of scale," helping drive the aggregate costs lower for every participant. And of course, drawbacks to utilizing the employer plan may be the limited menu of investment alternatives.

Another option is an IRA Rollover, which could be a good fit if you prefer more flexibility or additional investment choices. That alternative could have custodial fees or administrative fees that your employer plan covers.

One other advantage of an employer plan is your access to investment advice, planning tools, help lines, educational materials, workshops and online seminars. On the other hand, the IRA Rollover custodian can provide a different level of service, such as comprehensive investment advice, distribution planning and access to trading securities, working with your estate and tax planning team, and of course could be subject to investment advisory fees (note some practices may use a commission or sales load structure).

While there may be value in "job-hopping" to advance your career, it is also important to make certain your retirement assets also continue on the most advantageous path with you. There are several important advantages and disadvantages to consider regardless of which decision you make. These are just a few of the many factors to consider when analyzing your available options. You should discuss both the disadvantages and advantages of each with your financial advisor or tax professional to find out what is right for you.

Jeff Runyan is the lead of Runyan Capital Advisors financial advisory team based in Beverly Hills, providing clients nationwide with wealth management and retirement planning advice. Backed by over two decades of industry experience, Jeff leads an investment team committed to designing investment portfolios that adhere to the premise, "Discipline Makes the Difference." Learn more at ***RunyanCapital.com.***

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