Edu4Retirement, Inc.

THE NATION'S MOST COMPREHENSIVE EDUCATION PROGRAM AT RETIREMENT

Rollover Rules from FINRA

January 1, 2014 - Edu4Retirement, Inc. Newsletter

A significant change will be coming in the rollovers from Qualified Retirement Plans (QRP's) to Individual Retirement Accounts or Annuities (IRA's). The Financial Industry Regulatory Authority (FINRA) has issued Regulatory Notice 13-45 Rollovers to Individual Retirement Accounts spelling out the responsibilities of broker dealer firms concerning rollovers into IRA's from QRP's.

As you know, if a participant has over $5,000 in a QRP, they are not forced to take the money out of the plan. They can keep it there until retirement. Many times, this can be beneficial; the fees could be lower, the investment options more broad and the services at a higher level. Additionally, the plan sponsor has a fiduciary responsibility to ensure that the investment selections are appropriate for the plan. Alternatively, the former participant can roll the assets over to another QRP, roll the money to an IRA or take the money as a taxable distribution.

FINRA is now requiring brokers to provide all the options available, not just the rollover option. Keeping the money in the plan may provide for penalty free distributions upon early retirement, protection from creditors and legal judgments, allow for suspension of the Required Minimum Distributions, and, if the plan has employer stock, may have some tax and investment advantages.

FINRA is concerned that brokers may have a conflict of interest in rolling the money out. In addition, the new investment alternatives must be suitable and comply with the fair dealing rules. Financial Advisors must be trained in retirement savings options.

These items have been historically covered by us here at Edu4Retirement, Inc. We work with individuals so that they are aware of their options and the expenses and risks associated with rollovers. We offer cost effective products and services for the clients.

Please call us when one of your clients' needs to make this difficult decision. We can help.

72 Queen Street • Southington, CT 06489
Tel: 860.863.4155 • 1.800.530.9896 • Fax: 860.329.0304