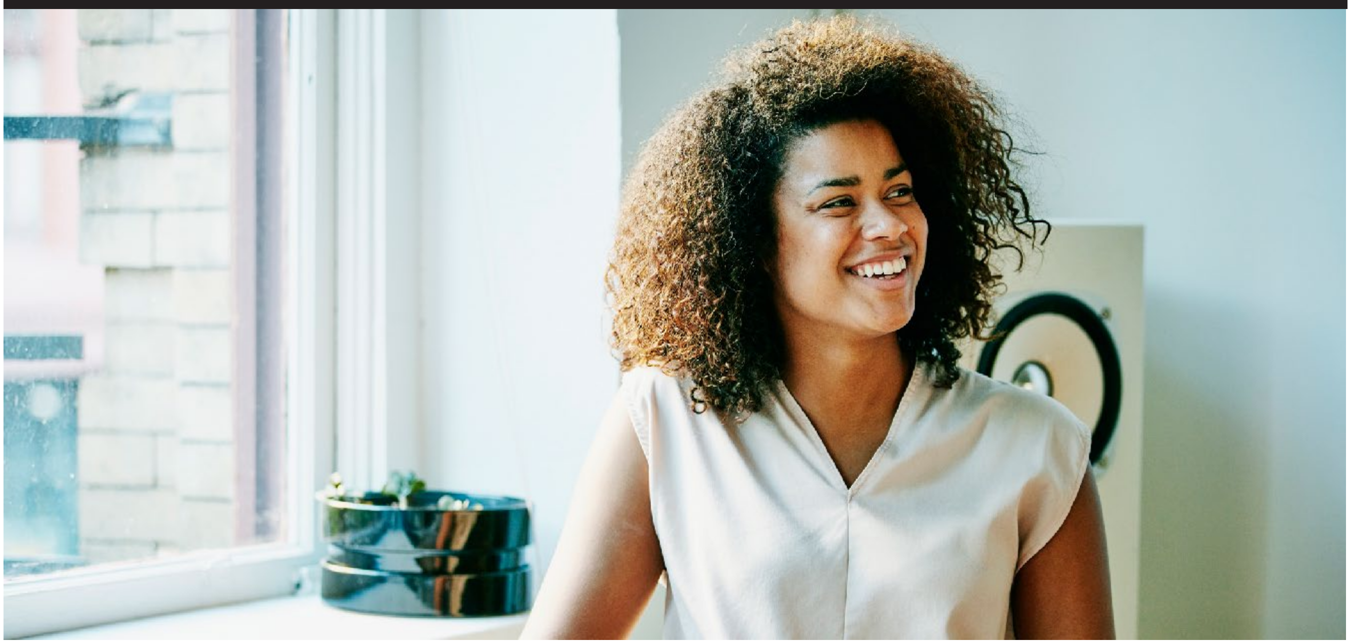
StephenNg FINANCIAL GROUP™

TAKE CHARGE OF YOUR 401(K)



HIGHLIGHTS INCLUDE:

- Powerful information that could potentially save you thousands 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)

HAVE YOU EVER SWITCHED JOBS?

Research shows that the average American employee switches jobs 12.3 times before retiring.[1]

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

Every time you change jobs, you have some choices to make about your old 401(k). Generally, there are four basic options:

- You can leave the assets in your former employer's plan, if permitted.
- You can roll over the assets into your new employer's plan, if one is available.
- 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).

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

1. Roll Over Your 401(k) to Access More Investment Choices (That Benefit YOU)

Every investor is different, and volatile markets make customized strategies important when pursuing your financial objectives. Workplace retirement strategies often offer limited investment options that may not be right for your financial situation. In contrast, IRAs can hold nearly any type of investment, which allows for flexibility in your investment strategies. By rolling over your 401(k) savings into an IRA, you open up a universe of investment options that you can use to build an investment strategy aligned with your long-term goals.

Under the 2019 SECURE Act, in most circumstances, you must begin taking required minimum distributions from your 401(k) in the year you turn 72. Withdrawals from your 401(k) or other defined contribution plans are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. Also, once you reach age 72, you must begin taking required minimum distributions from a Traditional IRA. Withdrawals from Traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. Under the SECURE Act, you may continue to contribute to a Traditional IRA past age 70½, as long as you meet the earned-income requirement. The CARES Act has allowed some one-time exceptions to distributions and penalties in 2020. These rules can be difficult to understand. So, please, contact us, and we will provide the most up-to-date information.

2. Understanding Expenses

401(k)s and other workplace retirement accounts come with administrative fees and expenses, which may take a big bite out of your investment gains. IRAs also have fee structures that include various fees and expenses.

As independent financial professionals, we're committed to making certain you understand what costs are associated with your IRA. We believe in being completely transparent about the costs and fees associated with any investment we recommend. 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 strategy, we walk them through the four options previously discussed.

One of those options is liquidating your old plan and receiving 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, and it may prohibit you from years of future growth.

If instead you decide to take a distribution from your old plan or don't roll over the assets within the 60-day window, you will trigger an IRS reporting, and potentially, saddle yourself with a big tax bill. **Taking a check from your old plan administrator will require an automatic 20% withholding tax and be reported to the IRS.** [2,3]

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.

Keep in mind: this whitepaper is for informational purposes only. It's not a replacement for real-life advice, so make sure to consult your tax, legal, and accounting professionals if you have questions about the tax treatment of your 401(k). Also, tax rules are constantly changing, and there is no guarantee that existing tax rules will remain the same.

4. Take Control of Your Financial Life

One of the best arguments in favor of rolling over your old retirement plan is that it can help simplify your life. 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 keep up with your needs can undermine your long-term financial success. Putting your assets in one place can help ensure that your investments are reviewed regularly and remain consistent with your financial goals. As a former employee, dependent on the plan, you may not be able to make changes to your investments, preventing you from adjusting your allocations to fit your current circumstances and long-term goals.

Why Work with a Financial Professional?

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 may affect their investment returns.

By not taking taxes into consideration, a hypothetical $150,000 portfolio could lose nearly $500,000 to taxes over 30 years.[4] Tax-efficient investing strategies can help you manage your tax burden. Please remember: this hypothetical example that's used to illustrate one potential situation. It's not a replacement for real-life advice, so make sure to consult your tax, legal, and accounting professionals before modifying your strategy if you're concerned about your total tax obligation over time.

What Should You Do Next?

Whether you're leaving your job to pursue other opportunities or on the wrong side of the economic downturn, the transition can be a stressful experience. Discussing your situation with a financial professional who specializes in 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:

- How to negotiate the best settlement or compensation package
- What to consider if you own company stock
- The dangers of holding too much company stock
- How to prevent job losses or money emergencies from derailing your financial future

We developed this session format after helping hundreds of clients manage their finances during critical life transitions.

To schedule your no-obligation session, please call our office at [NUMBER].

FOOTNOTES, SOURCES, & DISCLOSURES

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1 Bureau of Labor Statistics, August 22, 2019

2 Please discuss taxation issues with a qualified tax specialist.

3 IRS.gov, February 6, 2020

4 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, and inflation. This hypothetical example is not representative of any specific investment. Your results may vary.