IIS FINANCIAL SERVICES

Insurance - Investments - Retirement Planning

ROLLOVER
PROS AND CONS

Rollover Old Plan into an IRA
Leave Money/Assets in Former Plan
Rollover Assets into New Plan
Cash Distribution

Have you changed jobs or are you planning to retire? The pros and cons in this packet can help you decide if consolidating your assets into a IRA or 401k may be best for you. For more information and guidance, call 207-761-4733 to speak with a rollover specialist. You have choices when it comes to managing your old 401(k) retirement assets.

Rollover your old or former employer 401(k)/403(b)/457 plan into an IRA

Advantages

- Your investments will remain tax-deferred until you withdraw them
- You will have access to a wide range of investments, including mutual funds, ETFs, stocks, bonds, options and more
- You will have access to a wide range of tools, resources, and services
- You may have the flexibility to convert to a Roth IRA
- You may still have the option to move assets to a future employer's plan later
- You may be able to take penalty-free withdrawals prior to 59½ in special circumstances (such as higher education expenses, health insurance premiums or a first-time home purchase)
- You can donate up to $100,000 or more of your RMDs if you are 72 years old or older to one or more charities directly from a taxable IRA instead of taking their required minimum distributions.

Disadvantages

- You will not be able to take a loan against your account
- Any outstanding plan loan balances would need to be repaid prior to rolling over or you may incur income taxes and potentially a 10% tax penalty
- Your investment activity may incur trading-related expenses, including commissions
- You may not have access to the exact same investments in an IRA that you had in your plan
- The level of protection from creditors for assets in an IRA is lower than in a plan
- If you hold appreciated employer stock in your former employer's plan account, there may be tax consequences. You should consult a tax advisor

Leave your money/assets in your former employer's plan

Advantages

- Your investment plan choices may include low- cost, institutional-class products
- Your total costs may be lower than other alternatives
- Your investments will remain tax-deferred until you withdraw them
- You may be able to take loans against your account
- You may not have to take any action or complete additional paperwork
- You may be able to take penalty-free withdrawals if you left your old employer between age 55 and 59½
- Your retirement plan balances may be protected from creditors and legal judgements under federal law
- You may still be able to roll over to a future employer's plan later
- You would still have access to investor education, guidance and planning provided to plan participants

Disadvantages

- Your investment would be limited to those in the plan
- Your former employer may pass certain plan administration or recordkeeping fees through to you
- You would not be able to contribute any new funds to the plan
- Managing your investments among multiple accounts can be a lot of work

Rollover the assets into a new employer's plan

Advantages

- Your total costs may be lower than other alternatives
- Your investments will remain tax-deferred until you withdraw them
- You may be able to take loans against your account
- You may be able to take penalty-free withdrawals if you leave your new employer between age 55 and 59½
- Your retirement plan balances may be protected from creditors and legal judgements under federal law
- Your plan investment choices may include low-cost, institutional-class products
- You may have access to investor education, guidance and planning that your new employer provides to plan participants
- The investment choices on your plan menu were selected by a plan fiduciary
- If you roll over to a new employer's plan you may not have to take required minimum distributions (RMDs) at age 72 if you decide to keep working

Disadvantages

- Your investment choices would be limited to those in the plan
- Your new employer may pass certain plan administration or recordkeeping fees through to you
- You may be required to complete paperwork to have your assets moved over
- If you hold appreciated employer stock in your former employer's plan account, there may be tax consequences. You should consult with a tax advisor

Take a cash distribution

Advantages

- Your money (after any taxes and applicable penalties) will be immediately available to you

Disadvantages

- Your retirement savings will be depleted
- The amount that you cash out will be subject to mandatory 20% withholding for federal taxes if under age 59½
- Your distribution will be subject to applicable federal, state, and local taxes
- You may be subject to a 10% penalty if under the age 59½