



## RETIREMENT PLAN WITHDRAWALS: INFORMATION & DISCLOSURE

Selecting the appropriate retirement plan account for you and your beneficiaries is an important element of your overall financial planning. Most companies now offer some form of a retirement savings plan (e.g., 401k, 403b, payroll deducted IRAs, etc.) to their employees. These employer-sponsored plans typically allow you to defer a portion of your income to invest for your retirement on a tax-favored basis. Some companies will offer to match a percentage of your deferrals and may provide other features and benefits through the plan (e.g., loan or hardship withdrawals, access to investment education, advice or retirement planning professionals, etc.).

If you leave your job, or when you retire, you may consider transferring your money out of your former employer's plan. Before you decide, you should consider a number of factors – particularly the impact of your decision on the tax-favored status of your account, the features and benefits of your current plan versus other options you may be considering, and the fees and expenses associated with each option.

Additionally, and generally speaking, retirement plan assets have unlimited protection from creditors under federal law, while IRA assets are protected in bankruptcy proceedings only. State laws vary in the protection of IRA assets in lawsuits.

Another factor to consider is how long you expect to work. For example:

- ✓ If you do not plan to work to the age of 70½, the rules for both plans and IRAs require the periodic withdrawal of certain minimum amounts, known as a required minimum distribution.
- ✓ If you plan to continue to work after the age of 70½ and leave your retirement assets in an employer sponsored plan, you may not be required to take required minimum distributions from your retirement plan assets.

Typically, you will have one or more of the following options available to you after terminating employment with a company that sponsors a retirement plan:

- ✓ You may leave the money in your former employer's plan, if permitted;
- ✓ You may roll over your account into a plan offered by your new employer, if available and permitted;
- ✓ You may roll over your account into an IRA; or
- ✓ In some cases, you may be able to cash out the balance of your account.

In most cases, cashing out the account value of your retirement plan account or taking a lump-sum distribution in lieu of the other three options listed above may carry significant tax penalties, especially for individuals under the age of 59½.

According to the Department of Labor:

*Withdrawing money from your retirement plan may result in additional income tax. You can defer these taxes, however, if you keep the money in your plan or if you "roll over" the money into a qualified retirement plan or IRA.*

*Generally, your plan must withhold 20 percent of an eligible rollover distribution for tax purposes. However, in the case of a "direct rollover" where you elect to have the distribution paid directly to an eligible retirement plan, including an IRA, there is no tax withholding, and the full amount of your eligible rollover distribution is paid into the new eligible retirement plan. If you do not elect a direct rollover, you will have to make up the 20 percent withholding to avoid tax consequences on the full rollover amount. Under IRS rules, and in order to avoid certain tax consequences, you have 60 days to roll over the distribution you received to another qualified plan or IRA. If you have a choice between leaving the money in your current retirement plan or depositing it in an IRA, you should carefully evaluate the investments available through each option.<sup>1</sup>*

<sup>1</sup> See DOL Retirement & Health Care Coverage: Questions & Answers for Dislocated Workers at:

[http://www.dol.gov/ebsa/publications/dislocated\\_workers\\_brochure.html](http://www.dol.gov/ebsa/publications/dislocated_workers_brochure.html).

If you do not qualify for penalty or tax-free distributions, the following information will assist you in determining the most appropriate option for your current retirement plan account. You may also want to consider [FINRA's Investor Alert, 10 Tips to Making a Sound Decision](#), when considering your retirement plan withdrawal options.<sup>2</sup>

## Former (or Current) Employer's Retirement Plan

The information requested below may be disclosed in your plan's Annual Fee Disclosure Notice, Summary Plan Description and/or Summary of Material Modifications (if applicable). Please contact your Plan Administrator for assistance compiling the information requested below:

- ✓ account balance and amounts invested in each fund held in your plan account;
- ✓ investments available through your plan;
- ✓ operating expenses of investments held and offered through your plan;
- ✓ ongoing administrative expenses deducted from your account (e.g., recordkeeping, investment advisory, etc.) that are not included in the operating expenses of your investments; and
- ✓ additional services available to you through your current plan (e.g., investment education, advice or management, loan and/or hardship withdrawal eligibility, etc.).

<b>Plan Name:</b>				
<b>Plan Type (e.g., 401(k), Pension, etc.):</b>				
<b>Description of Plan Options</b>	<b>Responses from Participant</b>			
Do you have an account balance in excess of \$5,000 that enables you to remain in the plan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Provided	
Will you have access to individualized investment advice or retirement planning through the plan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Provided	
Please estimate the total number of investment options available to you in this plan.	<input type="checkbox"/> < 10	<input type="checkbox"/> > 11-20	<input type="checkbox"/> > 21	
Please identify whether these types of investment options are available to you in this plan.	<input type="checkbox"/> Active Managed Mutual Funds <input type="checkbox"/> Passive Managed Mutual Funds <input type="checkbox"/> Collective Investment Funds <input type="checkbox"/> Exchange Traded Funds (ETFs) <input type="checkbox"/> Managed Accounts <input type="checkbox"/> Model Portfolios <input type="checkbox"/> Employer Stock <input type="checkbox"/> Individual Securities			
<b>Plan Fees: The <a href="#">Department of Labor</a> has published information that highlights the most common fees that may be paid by your 401(k) plan. Accordingly, the Department of Labor encourages plan participants to compare services with the total cost and make an informed investment decision.<sup>3</sup></b>				
Please estimate the total average investment expense charged against your account.	<input type="checkbox"/> < 50 bps <sup>4</sup>	<input type="checkbox"/> 51-100 bps	<input type="checkbox"/> > 101 bps	<input type="checkbox"/> Not Provided
Please estimate the total average administrative expenses charged against investments or deducted from plan account.	<input type="checkbox"/> < 50 bps	<input type="checkbox"/> 51-100 bps	<input type="checkbox"/> > 101 bps	<input type="checkbox"/> Not Provided
Please estimate other expenses paid from plan account.	<input type="checkbox"/> < 50 bps	<input type="checkbox"/> 51-100 bps	<input type="checkbox"/> > 101 bps	<input type="checkbox"/> Not Provided

<sup>2</sup> <http://www.finra.org/Newsroom/NewsReleases/2014/P412655>

<sup>3</sup> [http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html)

<sup>4</sup> One basis point is equivalent to 0.01% (1/100th of a percent)

## New Employer's Retirement Plan

This section seeks information from about your new employer's plan (if applicable). Please contact your Plan Administrator or human resources department for assistance compiling the information requested below:

- ✓ availability, eligibility and timing requirements for accepting direct rollovers from your current plan into a plan sponsored by your new employer;
- ✓ investments available through your new employer's plan;
- ✓ operating expenses of investments held and offered through the plan;
- ✓ ongoing administrative expenses that will be deducted from your account (e.g., recordkeeping, investment advisory, etc.) that are not included in the operating expenses of the plan's investment options; and
- ✓ additional services available to you through the plan (e.g., investment education, advice or management, loan and/or hardship withdrawal eligibility, etc.).

<b>Plan Name:</b>				
<b>Plan Type (e.g., 401(k), Pension, etc.):</b>				
<b>Description of Plan Options</b>	<b>Responses from Participant</b>			
Anticipated date to become eligible to participate in plan:	___/___/___			
Are you able to roll over your account into a new employer plan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Provided	
Anticipated date of eligibility for this rollover:	___/___/___			
Will you have access to individualized investment advice or retirement planning through the plan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Provided	
Please estimate the total number of investment options available to you in this plan.	<input type="checkbox"/> < 10	<input type="checkbox"/> 11-20	<input type="checkbox"/> > 20	
Please identify whether these types of investment options are available to you in this plan.	<input type="checkbox"/> Active Managed Mutual Funds <input type="checkbox"/> Passive Managed Mutual Funds <input type="checkbox"/> Collective Investment Funds <input type="checkbox"/> Exchange Traded Funds (ETFs) <input type="checkbox"/> Managed Accounts <input type="checkbox"/> Model Portfolios <input type="checkbox"/> Employer Stock <input type="checkbox"/> Individual Securities			
<b>Plan Fees: The <u>Department of Labor</u> has published information that highlights the most common fees that may be paid by your 401(k) plan. Accordingly, the Department of Labor encourages plan participants to compare services with the total cost and make an informed investment decision.</b>				
Please estimate the total average investment expense charged against your account.	<input type="checkbox"/> < 50 bps	<input type="checkbox"/> 51-100 bps	<input type="checkbox"/> > 101 bps	<input type="checkbox"/> Not Provided
Please estimate the total average administrative expenses charged against investments or deducted from plan account.	<input type="checkbox"/> < 50 bps	<input type="checkbox"/> 51-100 bps	<input type="checkbox"/> > 101 bps	<input type="checkbox"/> Not Provided
Please estimate other expenses paid from plan account.	<input type="checkbox"/> < 50 bps	<input type="checkbox"/> 51-100 bps	<input type="checkbox"/> > 101 bps	<input type="checkbox"/> Not Provided