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INVESTMENTS for GENERATIONS℠

Qualified Plan Rollover Considerations

If you have retired, changed jobs or become eligible for a distribution from your 401(k), 403(b), profit sharing, pension, or other employer-sponsored ERISA retirement plan, the following options are available to you:

- Leave the assets in the current plan, if permitted.
- Roll over the assets to a new employer plan, if one is available and if rollover contributions are permitted.
- Roll over the assets to an existing IRA, or to a new IRA.
- Take a lump sum distribution from the plan.

Each of these options may have advantages or disadvantages based on your individual needs and circumstances. Before you make a decision to move the assets to an IRA, here are some factors that should be considered:

Item	***Employer-Sponsored Retirement Plan***	***IRA***
Tax Advantages	Typically, participants contribute pre-tax dollars and are assessed ordinary income tax at distribution. There are exceptions for contributions that are made with after-tax dollars.	Typically, contributions are made with tax-deductible dollars and are assessed ordinary income tax at distribution. There are exceptions for contributions that are made with after-tax dollars.
Penalty-Free Withdrawals	Penalty-free distributions are available if you separate from service with the sponsoring employer during the year you turn age 55 or later; otherwise, at age 59 ½. There are additional penalty-free exceptions that could apply.	Penalty-free distributions are available at age 59 ½. There are additional penalty-free exceptions that could apply. Some of these exceptions are different from those available in employer-sponsored plans.
Required Minimum Distributions (RMDs)	In general, RMDs begin at either age 73, but if you are still employed by the plan's sponsor, RMDs may be delayed until you retire or separate from service. Exceptions apply for owners. RMDs may not be rolled over to another retirement plan or IRA.	RMDs begin at either age 73 for traditional IRAs, but not for Roth IRAs. RMDs may not be rolled over to another retirement plan or IRA. Tax-free qualified charitable distributions (QCDs) of up to $105,000 (in 2024) are available after age 70 ½.
Fees	What are the underlying expenses of the plan? These may include investment expenses, fees for managed accounts or advice, and administrative or trustee fees. Are any of the fees paid by the employer? Are there any fees to take distributions?	Typically, an annual account fee will apply as well as investment-related expenses like commissions, sales charges or advisory fees. There may also be fees associated with certain account services selected.
Services	Do you have access to investment advice? Does the plan offer planning tools for budgeting, financial planning, college savings, or retirement income? Are educational materials or seminars available to help you determine your goals, risk tolerance, and income needs?	Typically, you have access to a financial advisor and to tools for budgeting, financial planning, college savings, and retirement income. A variety of educational materials are available to help you determine your goals, risk tolerance, and income needs.
Investments	Depending on the plan, there may be a limited number of investments available. If the plan offers mutual funds, they are typically less expensive than purchasing them on your own.	There is typically a larger variety of investment choices available. Costs depend on the investments you choose and whether you select a commission-based brokerage or a fee-based advisory account.
Employer Stock	There may be tax benefits available for distributions of appreciated company stock with Net Unrealized Appreciation (NUA).	Company stock that is rolled to an IRA loses NUA tax treatment and withdrawals are typically subject to ordinary income tax.
Loans	May be available to current plan participants.	No loans are permitted from IRAs.
Conversion to Roth IRA	Roth salary deferral contributions may be available in the plan. Conversion of non-Roth plan balances to Roth accounts in the plan (if available) or to Roth IRAs are taxed as ordinary income. Rollovers of Roth plan balances to Roth IRAs are tax free.	Earnings in a Roth IRA are distributed income tax-free after 5 years and age 59 ½ (other qualified distributions may apply). Balances converted from an employer's retirement plan to a Roth IRA do not retain their original 5-year holding period.
Protection from Creditors	Participants in ERISA plans have unlimited protection from creditors.	Typically, rollover assets have protection in bankruptcy proceedings only. Non-rollover IRA assets have limited bankruptcy protection and protection from creditors varies under state law.

Check with your plan administrator to verify the options available to you. When making a decision on what to do with retirement plan assets, you should carefully consider all advantages and disadvantages. Pay special attention to fees and expenses, investments and services offered, and potential tax implications.

Benjamin F. Edwards & Co. does not provide tax or legal advice. Please consult with your tax or legal advisor about your particular situation.