

Learn about your retirement plan distribution options

Are you considering the various options for your retirement plan savings? Know that what you choose to do with your current retirement savings can have a substantial impact on your future. You generally have four options for your retirement plan distribution:

- Roll over your assets into an Individual Retirement Account (IRA)
- Leave your assets in your former employer's plan, if allowed by the plan
- Move your assets directly to your new employer's plan, if allowed by the plan
- Take your money out and pay the associated taxes

Each of these options has advantages and disadvantages and the one that is best depends on your individual circumstances. You should consider features such as investment choices, fees, and expenses and services offered. Your financial professional can help educate you regarding your choices so you can decide which one makes the most sense for your specific situation. Before you make a decision, read the information provided in this piece to become more informed and speak with your current retirement plan administrator and tax professional before taking any action.

	Keep in your former employer's plan or move to your new employer's plan	Roll to an IRA
Fees and expenses	<ul style="list-style-type: none"> • Fees and expenses are generally lower in an employer-sponsored plan and you will continue to have access to those investments. 	<ul style="list-style-type: none"> • IRA fees and expenses are generally higher than those in your employer's retirement plan and depend primarily on your investment choices.
Investment options	<ul style="list-style-type: none"> • Limited investment options. • Plan sponsor chooses options. 	<ul style="list-style-type: none"> • A broad range of investment options. • IRA owner chooses investments.
Loans	<ul style="list-style-type: none"> • Usually, loans are for active employees only. • You generally are allowed to repay an outstanding loan within a short period of time. 	<ul style="list-style-type: none"> • Loans from an IRA are prohibited.
Required Minimum Distributions (RMDs)	<ul style="list-style-type: none"> • Generally, RMDs begin April 1 following the year you reach 70½, and continue annually thereafter. • RMDs may be deferred beyond age 70½ if the plan allows, you are still employed and not a 5% or more owner of the company. • RMDs must be taken from each employer-sponsored plan including plan Roth accounts; aggregation is not allowed. 	<ul style="list-style-type: none"> • RMDs begin by April 1 following the year you reach 70½, and annually thereafter. • The aggregated amount of your RMDs can be taken from any of your Traditional, SEP, or SIMPLE IRAs. • Roth IRA owners have no RMDs.
Employer Securities (company stock) and Net Unrealized Appreciation (NUA)	<ul style="list-style-type: none"> • Employer securities in your plan may have increased in value. The difference between the price you paid (cost basis) and the stock's increased price is NUA. • NUA is not taxed until the stock is sold and is taxed at the capital gains rates, generally lower than your income tax rates. • Favorable tax treatment of NUA is lost if moved into another retirement plan. 	<ul style="list-style-type: none"> • Favorable tax treatment of NUA is lost if rolled into an IRA. • NUA treatment is not available for distributions from IRAs.

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Creditor protection	<ul style="list-style-type: none"> Generally, employer-sponsored retirement plans have bankruptcy and creditor protection under the Employee Retirement Income Security Act (ERISA). However, employer-sponsored plans not covered by ERISA are not protected. These include 401(k)s that only cover the owner, spouse and partners, governmental 403(b) and governmental 457(b) plans. 	<ul style="list-style-type: none"> Traditional and Roth IRA contributions and earnings are protected from creditors in federal bankruptcy proceedings to a maximum limit of \$1 million, adjusted periodically for inflation. Rollovers from qualified plans, SEP, and SIMPLE IRAs have no maximum limit for federal bankruptcy protection. IRAs are subject to state creditor laws regarding malpractice, divorce, creditors outside of bankruptcy, or other types of lawsuits.
Exceptions to 10% IRS tax penalty	<ul style="list-style-type: none"> If you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees). Due to Qualified Domestic Relations Order (QDRO). Dividends from employee stock ownership plans. 	<ul style="list-style-type: none"> Certain unemployed individuals' health insurance premiums. Qualified first-time homebuyer (\$10,000 lifetime maximum). Qualified higher education expenses.
	These exceptions apply to all options <ul style="list-style-type: none"> Over age 59½ • Death • Disabled • Taking substantially equal periodic payments (SEPP) • Eligible medical expenses • Qualified reservist distribution • Involuntary IRS levies 	
Other considerations	<ul style="list-style-type: none"> Assets cannot be kept in your current plan if it is being terminated. Additional contributions typically not allowed in your former employer's plan. Investment and distribution options are controlled by employer plan rules. 	<ul style="list-style-type: none"> Access to investment advice and guidance. Additional contributions are allowed, if eligible. Ability to customize investment choices to meet your personal needs. Immediate access to your savings and the ability to get to those funds quickly. IRAs can be consolidated and conveniently maintained with one provider.

Take a lump-sum distribution (taxes and penalties may apply)

You should carefully consider all of the financial consequences before cashing out your retirement plan savings. The impact will vary depending on your age and tax situation. If you absolutely must access the money, you may want to consider withdrawing only what you need until you can find other sources of cash.

Please keep in mind:

- Your funds lose their tax-advantaged growth potential.
- If you leave your company before the year you turn 55 (or age 50 for public service employees), you may owe a 10% IRS tax penalty on the distribution in addition to any ordinary federal, state, and local income tax.
- Your former employer is required to withhold 20% for the IRS.
- Favorable tax treatment may be available for appreciated employer securities owned in the plan.
- You may be able to take a partial distribution.

¹ For illustrative purposes only. Assumes a 28% federal tax bracket and 5% state and local tax rate. Taxes may vary. Depending on tax bracket, the taxes owed at the end of the year may be higher or lower.

² May be assessed if participant is under age 59½ and no penalty exception applies. State penalty may also apply.

When considering rolling over assets from an employer plan to an IRA, factors that should be considered and compared between the employer plan and the IRA include fees and expenses, services offered, investment options, when penalty-free distributions are available, treatment of employer stock, when required minimum distributions begin and protection of assets from creditors and bankruptcy. Investing and maintaining assets in an IRA will generally involve higher costs than those associated with employer-sponsored retirement plans. You should consult with the plan administrator and a professional tax advisor before making any decisions regarding your retirement assets.

INVESTMENTS AND INSURANCE PRODUCTS:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE
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Taking a lump-sum distribution can be costly

Here's what's left of a \$20,000 cash payout¹:

IRS 10% early distribution penalty²

\$2,000

State and local income tax

\$1,000

Regular federal income tax

\$5,600

Savings reduced to

\$11,400 after taxes

