

Six Potential “Rollover” Options for Your Plan Funds*

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Leave assets in the existing plan

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Take a lump-sum distribution

2

Roll assets to a new plan

5

Convert assets to a Roth IRA

3

Roll assets to an IRA

6

Make an in-plan Roth conversion

* Rolling over plan assets may not be right for your client, as there may be disadvantages, including: surrender charges, deferred sales charges, early withdrawal penalties, and the loss of certain rights and guarantees. Each of these options has its own advantages and disadvantages that should be evaluated against your client's unique set of facts, circumstances, goals and objectives.

Option	Possible Advantages Include	Possible Disadvantages Include
Leave Assets in Existing Plan	Plan only exceptions to the 10% penalty	Investment options may be limited
	Fees may be comparatively low	Better service may be available elsewhere
	ERISA-covered plans have strong creditor protection	Post-death distribution options for beneficiaries may be more limited
Roll Over Assets to New Plan	ERISA-covered plans have strong creditor protection	Investment options may be limited
	Fees may be comparatively low	Better service may be available elsewhere
	Life insurance may be available within the plan	Ability to access rolled-over funds may be limited
	You may be eligible to take a loan	Certain 10% penalty exceptions are only available for IRA distributions
	Consolidation of accounts	Post-death distribution options for beneficiaries may be more limited

Option	Possible Advantages Include	Possible Disadvantages Include
Roll Over Assets to an IRA	Generally broader selection of investment options	Certain 10% penalty exceptions are only available for plan distributions
	Consolidation of funds	Plan trustees are generally charged with providing some level of investment due diligence
	More flexible distribution options	Fees may be higher
	Simplification of RMDs	Loans are prohibited
	Enhance estate planning options	Creditor protection may not be as strong
	Better service may be available	RMDs must begin at 72, even if a client is still working
Take a Lump-Sum Distribution	Net unrealized appreciation (NUA)	Loss of tax-deferral
	10-Year averaging	No stretch IRA for beneficiaries
	Pre-1974 gains election	All or a portion of the distribution may be immediately taxable

Option	Possible Advantages Include	Possible Disadvantages Include
Convert it to a Roth IRA	Tax-free distributions in retirement	Creates a taxable event and increases income
	Provides a hedge against rising tax rates	Roth distribution rules could change in the future
	No required minimum distributions	No opportunity to recharacterize
	Generally, a broader selection of investments	Future tax rates could decrease
Make an In-Plan Conversion	Tax-free distributions in retirement	Creates a taxable event and increases income
	Provides a hedge against rising tax rates	Future tax rates could decrease
	ERISA creditor protection may be maintained	No opportunity to recharacterize
	Fees may be more favorable than other options	Plan Roth accounts do have RMDs