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# 3 Steps to Rollover Your 401(k)

Are you looking ahead to the exciting day when you can retire and enjoy more leisure time? Not so fast – first, you have some important decisions to make when you're ready to roll your 401(k) assets out of your company's plan. Namely, your eligibility, expected income tax bracket, and  how to handle any employer stock.

## Eligibility

Under current guidelines, you are eligible to withdraw from your 401(k) without penalty once you reach age 59.5 or older. While exceptions (always) exist, you'll typically want to roll funds from your 401(k) to an IRA via a direct rollover.
Initiating a direct rollover is easy: funds transfer electronically to the new retirement account. You can either push the funds from your 401(k) plan to your new account, or pull the funds from your 401(k) plan to your new account instead, but that tiny difference can impact how long it takes for your money to be available in the new account. The best choice depends on your specific plan details, so be sure to discuss with your plan's administrator.

## Expected Income Tax Bracket

Rolling over your retirement assets isn't hard – tell plan A to send funds to account B. You do have to be precise, however. You typically don't want to send pre-tax assets – the funds in your 401(k) – to a post-tax account, like a Roth IRA. That's because if you do, you have to pay taxes on the conversion. That's why you always want your financial and tax professional involved in these types of decisions, to avoid any negative tax implications for retirement money.

## Employer Stock In a 401(k)

Finally, if you own shares of your employer's company in your 401(k), don't initiate that roll over just yet! The reason is something called net unrealized appreciation (NUA). NUA is the difference in value between the average cost basis (your starting price) of shares of employer stock and the current market value of the shares. For instance, if your cost basis is $100 and the shares are worth $300, your NUA is $200. The catch is that all or a portion of your gain could be taxed at your ordinary income rate. Ouch!

Our team can help you review your 401(k) options to decide the most appropriate way to transfer your retirement savings out of the plan and into your new account. Contact our office today if you're considering retiring and wondering how to manage your financial transition!