Leave it or roll it?

Evaluating options for your qualified plan assets

When you change jobs, you need to decide what to do with the money in your 401(k) plan. Should you leave it where it is, or take it with you? Should you roll the money to an IRA, into your new employer's retirement plan[1], or take a withdrawal[2]? To help you decide, we've identified several issues to discuss with your legal and tax advisors.

	Employer Plan	IRA
Investment Options	– Plan sponsor selects the investments – May be employer-directed and/or self-directed	– A wide variety of investment options – May be advisor-directed or self-directed
Ownership Control	– A qualified plan trust owns the assets, and plan participants are bound by the plan's constraints – In 403(b) plan, the participant owns the account and is bound by the constraints of the plan – Assets may be subject to blackout periods in which account access is limited	– IRA holder is the owner and has full access rights – No blackout periods
Loans	– The plan may permit loans, but typically only for active employees – You may have to pay in full any outstanding loan balances when you leave the company, whether or not you're taking a distribution from the plan. Taxes and penalties may apply.	– Loans are not allowed
Fees	– An employer may charge reasonable fees to former workers and their beneficiaries who remain in the plan, even if the employer pays the fees for active workers – Typically, you will not pay fees for trading within your account or mutual fund loads, but possibly commissions	– Fees vary based on custodial, investment, and advice option chosen – See the product prospectus, contract, offering or other disclosure document for other fees that may apply – Apeiron Planning will waive the custodial fees for balances over $49,000
10% IRS Early Withdrawal Penalty	A penalty will apply unless you are: – At least age 59 1/2 – Leaving the company in or after the calendar year in which you reach age 55 – Disabled – Subject to certain medical expenses – Taking substantially equal periodic payments Subject to a Qualified Domestic Relations Order (QDRO) – Penalty-free withdrawals also apply upon death[3] and for other reasons	A penalty will apply unless you are: – At least age 59 1/2 – Disabled – Taking substantially equal periodic payments – Making a first-time home purchase (up to $10,000) – Subject to certain medical expenses – Paying health insurance premiums while unemployed – Paying certain higher education expenses – Penalty-free withdrawals also apply upon death[3] and for other reasons

	Employer Plan	IRA
Required Minimum Distributions (RMDs)	– With a 401(k) plan (including Roth), you must begin taking RMDs by the later of April 1 after attaining age $70^{1/2}$ or by April 1 of the year after you retire – There may be exceptions depending on plan provisions and if you're an owner of the company	– With a traditional IRA, you must begin taking RMDs by April 1 of the year following the year in which you will reach $70^{1/2}$ – With a Roth IRA, RMDs do not apply until death
Beneficiary Planning & Options	– Some plans may limit your ability to name multiple or contingent beneficiaries – Your spouse beneficiary can roll over plan assets to his or her own IRAs, inherited IRA or an employer's plan – Your non-spouse beneficiary can roll over inherited plan assets to an inherited IRA. This rollover generally must take place by Dec. 31 of the year following your death in order for IRA distribution rules to apply. Usually, your non-spouse beneficiary may not leave money in the original plan and take lifetime distributions. – Check plan provisions for your available options	– IRAs offer flexible beneficiary options, including multiple and contingent beneficiary designations and certain custom beneficiary designations – Your spouse beneficiary can roll over assets to his or her own IRA, an inherited IRA or an employer's plan – Your non-spouse beneficiary can move assets to an inherited IRA and stretch distributions throughout his or her life expectancy – You may choose to restrict beneficiary access to the IRA assets
Roth Conversions/ Direct Rollovers[4]	– You may roll over/convert to a Roth IRA, but any pre-tax dollars you convert will be subject to ordinary income tax – You may make a direct rollover from a designated Roth account (Roth 401(k) or 403(b)) to a Roth IRA – Your spouse beneficiary may roll over/convert to his or her own Roth IRA or an inherited Roth IRA – Your non-spouse beneficiary can roll over/ convert to an inherited Roth IRA	– You can convert a traditional IRA to a Roth IRA, but any pre-tax dollars you convert will be subject to ordinary income tax – You may not convert an inherited IRA to a Roth IRA
Withholding Rules	– In general, distributions are subject to a mandatory 20% federal income tax withholding, unless you directly roll over the assets to another eligible retirement plan, IRA or Roth IRA	– Distributions are generally subject to a 10% withholding tax, but you may elect not to withhold
Creditor Protection	– Creditors cannot access plan assets – Creditors cannot liquidate plan assets in a bankruptcy	– When you roll over your qualified plan assets, you retain unlimited federal bankruptcy protection[5]. State law determines the protection from creditors outside of bankruptcy.

[1] Plan qualifies under Internal Revenue Code §401(a) or 403(b). This includes, but is not limited to, the following plans: 401(k), 403(b), Money Purchase and Profit Sharing. Although not qualified under these sections of the Code, these rules may also apply to a government 457(b) plan.

[2] If assets are withdrawn prior to age $59^{1/2}$, early withdrawal rules and potential penalties apply.

[3] If rolled to an IRA by a spouse beneficiary, the death distribution waiver no longer applies, and withdrawal from the IRA may be subject to the early withdrawal penalty. A spouse beneficiary younger than $59^{1/2}$ may wish to consider a direct rollover to an inherited IRA.

[4] Tax implications may apply to Roth conversions. Consult your tax advisor. Rolling from a designated Roth account to a Roth IRA is not taxable.

[5] Federal bankruptcy protection afforded under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

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APEIRON PLANNING PARTNERS // 10000 N. Central Expy., Suite 700, Dallas, Texas 75231
ph // 972.421.1987 **fx** // 469.461.5522 **e** // info@apeironplanning.com **w** // apeironplanning.com