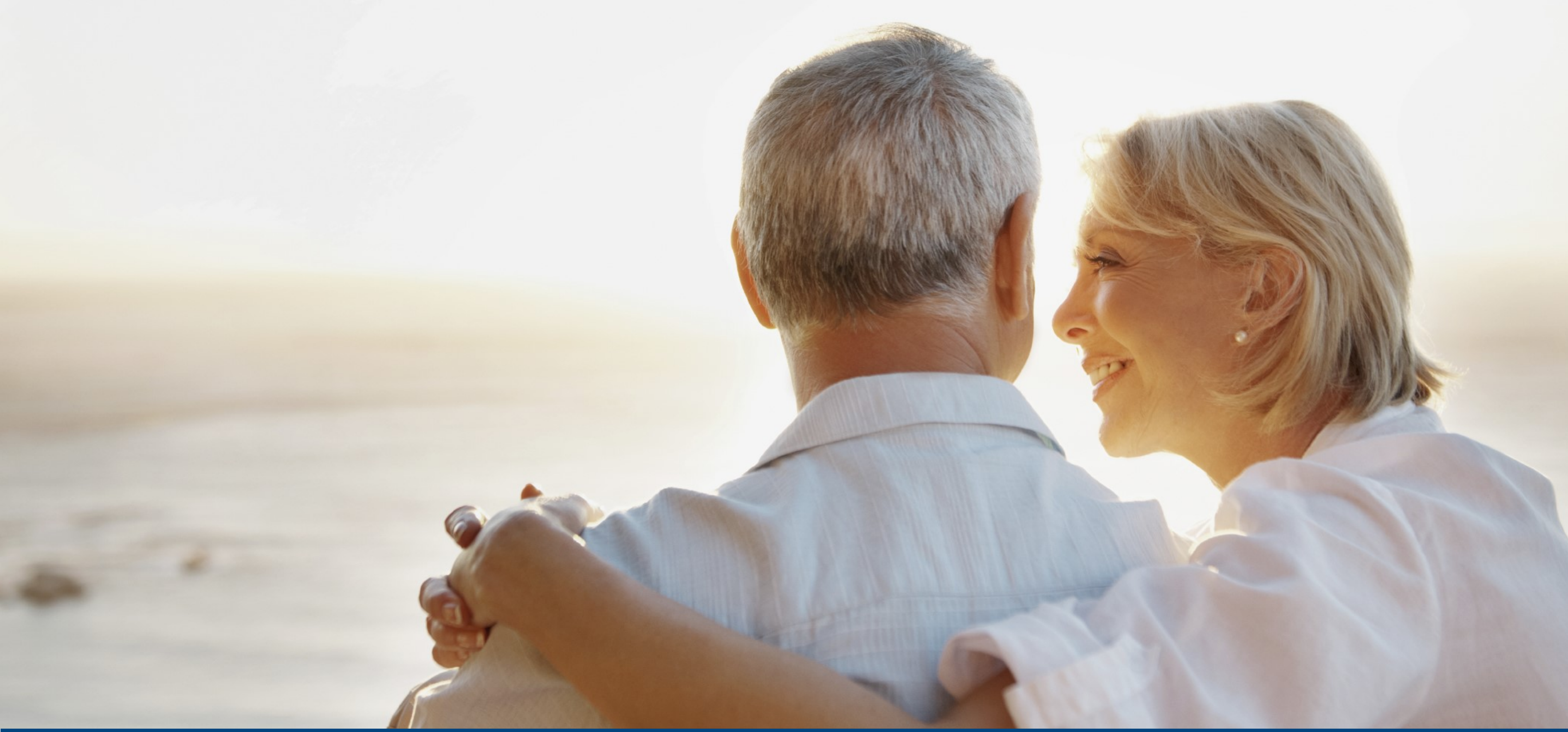

4 Options for Your 403(b)/401(k) When You Change Jobs or Retire

ACT ADVISORS
ASPIRE • COLLABORATE • THRIVE

ACT-Advisors.com

Changing employers or retiring is an emotional experience. It’s not uncommon to feel anxiety over your financial strategy at this time. ***By understanding your 403(b)/401(k) options, you can you feel better prepared for what is next.***

Below are four common options for your employer plan.

1 Leave the Money In Your Old 403(b)/401(k) Plan

Most employers will let you leave your plan where it is, although there may be a minimum balance to do so.

Disadvantages to Staying in Your Old Plan

1. You can no longer contribute to your plan.
2. You remain restricted to the limited investment options in your plan.
3. If you move to another employer, you will end up with multiple plans that you have to keep track of.

2 Rollover Your 403(b)/401(k) to Your New Employer's Plan

Most employer plans will accept rollovers and this option would keep all of your money in one account.

Disadvantages to a Rollover into Your New Employer's Plan

1. Many employer plans have limited investment choices.
2. Employer plans may have higher fees than other types of accounts.

3 Rollover Your 403(b)/401(k) into an IRA

Rolling your money into an Individual Retirement Account (IRA) may be a good option. A direct rollover, where funds move directly to your IRA, will be a tax-free event.

Advantages to a Rollover into an IRA

1. IRAs usually have more investment options than employer plans.
2. IRAs may have lower fees than many employer plans.
3. You are no longer bound by plan rules of your former employer.

Financial Advisor Pat Latta explains why a direct rollover into an IRA may be a good option. *"When you leave your employer and choose the IRA rollover option, you're opening yourself up to the whole universe of investment choices that are available to you instead of the limited number that might be available through your employer's plan. Sometimes that's only 10 to 20 versus tens of thousands."*

4 Cash Out Your 403(b)/401(k)

In most cases, cashing out your 403(b)/401(k) is the worst option.

Disadvantages to Cashing Out Your 403(b)/401(k)

1. You will be taxed at your ordinary income bracket for the money you receive.
2. If you are under 59.5, you will pay an additional 10% penalty on the distribution.
3. You will reduce the amount of money you have for retirement.

In times of change, understanding your options can help you feel better prepared for what is next.

When you separate from service, choosing the option that fits your financial goals is an integral part of your financial future.

Call us today to meet with one of our financial advisors. We can help you determine which option makes sense for you.

Asheville: (828) 398-2802

Charleston: (843) 266-2622

Raleigh: (919) 723-9720

Greenville Area Clients: (864) 404-2699

Our Mission is to enable our clients to pursue their dreams through excellence in investment management, world-class financial planning, and compassionate engagement.

37 Haywood St., Ste. 200 | Asheville, NC 28801

ACT-Advisors.com