

Are You Leaving Your Employer?

You Have Six Options For Your Employer Plan Retirement Funds

Convert to a Roth IRA

The plan assets don't need to first move to an IRA. You can do a full or partial conversion as a direct rollover or a 60-day rollover.

The advantages? Income-tax-free withdrawals of the converted amount may be done at any time; more investment options; flexibility in estate planning; less paperwork on a distribution; and flexibility in naming beneficiaries.

Convert to Roth Plan Assets

This is similar to the Roth IRA conversion option, You will also have required minimum distributions (RMDs) from the plan during your lifetime – unlike with a Roth IRA conversion. We can discuss strategies to avoid this.

Lump-Sum Distribution

Take the money and run! If you need the money immediately and have no other source of readily available funds, you should think about this option. Keep in mind that income tax and the 10% early distribution penalty, if applicable, will be owed on the total distribution amount.

Leave It in the Current Plan

Leaving it in the plan allows the assets to remain in a tax-deferred plan and maintains creditor protection, but it minimizes many of the benefits of moving the money to tax-free territory.

Move It to a New Employer's Plan

Many are not aware of this option. If you leave one job for another, the new employer's plan may allow you to roll in the assets from the old one. Again, this option keeps the assets in a tax-deferred plan. The drawbacks include a continued limit on investment options and plan limits on distributions.

Roll Over Plan Assets to an IRA

If you don't need the money right away, this is an option to seriously consider. You would be able to have more investment options, no withdrawal restrictions after age 59 ½, and many more benefits that we can discuss when considering the best option for you.

A M E R I C A ' S I R A E X P E R T S

100 Merrick Road, Suite 200E, Rockville Centre, New York 11570

800-663-1340 toll-free • 516-536-8282 telephone

516-536-8852 fax • info@irahelp.com

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