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IRA Rollover Considerations

Typically, retirement plan participants have several alternatives regarding the distribution of retirement assets they have accumulated in an employer-sponsored plan. This may occur upon retirement, termination of service from the sponsoring employer, or an in-service withdrawal. The following options may generally be available:

- Leave the money in the former employer's plan, if permitted
- Roll over the assets to a new employer's plan, if available, and rollover contributions are permitted
- Distribute the account value ("cash out")
- Roll over assets to an IRA

The features, benefits, and applicability of each choice above will differ for each person, and your specific financial and retirement planning needs should be considered. In most cases, you do not need to act immediately upon switching jobs or retiring, and you should carefully evaluate your options.

Factors to Consider Before Rolling Assets to an IRA

Each situation is unique, and the following factors should also be considered prior to rolling over assets to an IRA:

Investment Options – The number and type of investment options may be restricted by an employer-sponsored plan. For example, some employer-sponsored plans may only offer a core menu of mutual funds. In an IRA, there is usually a broader array of products available, such as stocks, bonds, and mutual funds to name a few.

Fees and Expenses – The following should be considered:

- What are the employer-sponsored retirement plan's fees for investments, advisor, administration, and recordkeeping?
- Are they charged to the participants or paid by the employer?
- Are there charges for distributions to IRAs?

For large employer-sponsored plans subject to institutional pricing, investment fees might be lower (or no cost) than in an IRA. At Duncan-Williams, Inc., fees vary.

Services – Does the employer-sponsored plan offer planning tools, telephone help lines, investment advice, education materials, or workshops? Such services should be compared to Duncan-Williams, Inc. services.

Penalty-Free Withdrawals – When participants terminate service between the ages of 55 and 59 1/2, they may able to take penalty-free withdrawals from a plan. Penalty-free withdrawals cannot be made from an IRA until the IRA holder reaches age 59 1/2.

Protection from Creditors – In general, assets in an employer-sponsored plan may have unlimited protection from creditors under federal law. IRA assets are typically protected in bankruptcy proceedings only. As state laws vary, the participant should obtain more information from his or her attorney if this is of concern.

Required Minimum Distributions – RMDs must begin in the year the participant reaches age 72 (only those who turn age 70 ½ after December 31, 2019, qualify for the age minimum of 72) for both plan assets

and IRAs (with the exception of Roth IRAs); however, RMDs may be delayed from plans until retirement if the plan allows for this provision.

Employer Stock – A distribution of highly appreciated employer stock from a plan offers special tax advantages which are not available if the stock is rolled to an IRA. A plan participant should consider the negative tax consequences of rolling the stock to an IRA. However, the risk of owning too much employer stock in one's retirement account and not being sufficiently diversified must also be evaluated. Before taking any action, plan participants should consult their tax advisor for advice based on their particular situation.

Loans – Consider any outstanding loans in the current plan and also whether the new employer's plan offers a loan provision. Loans are not allowed from IRA accounts.

Employer-sponsored plan participants should check with their plan's administrator to verify the options available in their plan.

Decisions to roll over or transfer retirement plan or IRA assets should be made with careful consideration of the advantages and disadvantages as discussed above. Duncan-Williams, Inc. does not offer tax advice. Individuals should consult their tax advisor regarding their particular situation as it pertains to tax matters.

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Advantage vs. Disadvantage Summary

Option 1: Leave Money in Former Employer's Retirement Plan

Potential Advantages	Potential Disadvantages
✓ Continue tax-deferred growth opportunity ✓ Maintain funds in plan-specific investment options. Investment alternatives may include lower-cost, institutional-class products ✓ Plans may have access to plan-specific advice, planning tools and education ✓ Hardship withdrawals and loans may be allowed ✓ Penalty-free withdrawals may be permitted if separated from service after age 55 ✓ Potential increased protection from creditors under federal law ✓ Lower administrative fees than other options ✓ Preservation of guaranteed rate on income products within the plan	✓ Limited number of investment options ✓ Withdrawal options may be restricted ✓ Additional contributions prohibited ✓ Plan may not provide access to plan-specific advice ✓ Plans may have administrative fees (recordkeeping, compliance or trustee, etc.) ✓ Plan may impose limitations or plan may be changed by employer ✓ Managing assets across multiple plans or accounts may be difficult

Option 2: Transfer Money into an IRA

Potential Advantage	Potential Disadvantages
✓ Depending on the type of rollover, there may be no income tax or penalties ✓ Consolidate multiple accounts into one IRA ✓ Broader range of investment options ✓ Opportunity for tax-deferred growth ✓ Access to IRA-specific advice, planning tools and education ✓ Continue to make contributions subject to IRS limits ✓ Ability to set up periodic and ad hoc withdrawals ✓ Many IRA providers offer managed accounts, which can provide professional portfolio management tailored to investment preferences ✓ Ability to convert to a Roth IRA ✓ Access to trust services with some IRAs	✓ Access to plan-specific investments may not be available ✓ Loans from an IRA are prohibited ✓ Some investments may be subject to trading-related fees and commissions ✓ Liquidation may be required in order to roll to IRA ✓ No penalty-free withdrawals prior to age 59 ½ ✓ Some investment expenses fees may be higher ✓ Some IRAs may not include an annuity product ✓ IRAs may be subject to state creditor laws regarding malpractice, divorce, creditors outside of bankruptcy, or other types of lawsuits ✓ Required minimum distributions (RMDs) begin April 1 following the year you reach 70½, and annually thereafter

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Option 3: Move Money Directly into New Employer's Retirement Plan

Potential Advantage	Potential Disadvantage
✓ Opportunity for tax-deferred growth ✓ Hardship withdrawals and loans may be allowed ✓ No income tax or penalties with a direct rollover ✓ Penalty-free withdrawals may be permitted if separated from service after age 55 ✓ Potential increased protection from creditors and legal judgments ✓ Plan may have lower administrative fees than other options ✓ Investment alternatives may include lower-cost institutional class products ✓ Access to plan-specific advice	✓ New employer's plan may not accept rollovers ✓ Withdrawal options may be restricted ✓ Limited investment choices ✓ In-plan annuity that can provide lifetime income may not be included ✓ May be required to liquidate investments ✓ May lose valuable benefits ✓ Plans may have administrative fees (recordkeeping, compliance or trustee, etc.) ✓ Plan may offer more expensive investment options, including commissions, than former employer's plan ✓ Plan may impose limitations, or plan may be changed by employer

Option 4: Take a Lump Sum Distribution

Potential Advantage	Potential Disadvantage
✓ You have immediate access to your retirement money and can use it however you wish. ✓ Although distributions from the plan are subject to ordinary income taxes, penalty-free distributions can be taken if you turn: Age 55 or older in the year you leave your company. Age 50 or older in the year you stop working as a public safety employee - such as a police officer, firefighter, or emergency medical technician - and are taking distributions from a governmental defined benefit pension.	✓ Your funds lose their tax-advantaged growth potential. ✓ The distribution may be subject to federal, state, and local taxes unless rolled over to an IRA or another employer plan within 60 days. ✓ If you leave your company before the year you turn 55 (or age 50 for public service employees), you may owe a 10% IRS tax penalty on the distribution. ✓ Your former employer is required to withhold 20% for the IRS.

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Participant Acknowledgment Regarding Rollover Decision

I am a participant in an employer-sponsored retirement plan, and I am entitled to a distribution from that plan. I have been provided with information and educational materials regarding my distribution options.

I acknowledge that a recommendation was provided to me to take an action related to my plan account and after considering that recommendations, I have decided to take the following action:

Accept ____________________ Client has reviewed all the pros and cons of the rollover recommendations discussed with Financial Consultant and agrees to proceed with the recommendation by Financial Consultant.

Decline ____________________ Client has reviewed all the pros and cons of the rollover recommendations discussed with the Financial Consultant and declines to proceed with the recommendation by Financial Consultant.

____

Signature

____

Please Print Name

____

Date