Please note that the following document will only apply to you if you are moving funds from an ERISA-covered plan, i.e., defined-benefit plans (traditional pensions), and employer-sponsored defined-contribution plans (401(k)s, deferred-compensation plans, and profit-sharing plans).

ERISA does not cover retirement plans set up and administered by government entities and churches, such as 403(b) plans. ERISA also does not cover simplified employee pensions (SEPs), simple IRAs, traditional IRAs, Roth IRA, and traditional or Roth beneficiary IRAs.

If you have any questions regarding that account(s) that you are transferring to Optivise are covered by ERISA, please contact your adviser or Optivise Advisory Services directly by phone at 855-378-1806 or by email at info@optiviseria.com.

Considering a 401(k) rollover? Consider your options first.

One great thing about a 401(k) retirement savings plan is that your assets are often portable when you leave a job. But what should you do with them? Rolling over your 401(k) to an IRA (Individual Retirement Arrangement) is one way to go, but you should consider your options before making a decision. There are several factors to consider based on your personal circumstances. The information provided here can help you decide.

1. Leave your money in your former employer's plan if your former employer permits it.

Choosing this option means you don't have to make an immediate decision about where to move your savings. Your account stays subject to your previous employer's plan rules, including investment choices, costs, and withdrawal options.

Pros:

- No immediate action is required.
- Any earnings remain tax-deferred until you withdraw them.
- You may have access to investment choices, loans, distribution options, and other services and features that are not available with a new 401(k) or an IRA.
- You still have the option of rolling over to an IRA or to a 401(k) offered by a new employer in the future if the new employer's plan accepts rollovers.
- Your former employer may offer additional services, such as investing tools and guidance.
- Under federal law, assets in a 401(k) are typically protected from claims by creditors.
- Your former employer's plan may have lower administrative and/or investment fees and expenses than a new 401(k) or an IRA.
- You may be able to take a partial distribution or receive installment payments from your former employer's plan.
- If you leave your job between ages 55 and 59½, you may be able to take penalty-free withdrawals. Required Minimum Distributions (RMDs) may be delayed beyond age 72 if you're still working.

*With a tax-deferred investment, your earnings can grow tax-free until you withdraw them. This means that instead of paying taxes on returns as they grow, you pay taxes only later. IRAs and deferred annuities are common tax-deferred investments.

**Tax-free withdrawals of earnings are permitted five years after the first contribution that created the account. Once the five-year requirement is met, distributions, if taken, will be free from federal income taxes: (1) after age 59½; (2) on account of disability or death; or (3) to pay up to $10,000 of the expenses of purchasing a first home. Withdrawals that do not meet these qualifications will be subject to ordinary income taxes and a 10% federal tax penalty.

Cons:

- If you hold stock in your former employer in the plan, you may have special tax or financial planning consequences you should consider before rolling over your assets to a new employer's 401(k) or an IRA.
- You can no longer contribute to a former employer's 401(k).
- Your range of investment choices and your ability to transfer assets among funds may be limited.
- Managing savings left in multiple plans can be complicated.
- The fees and expenses for your former employer's 401(k) may be higher than those for a new employer's 401(k) or an IRA.

2. Roll over your money to a new 401(k) plan, if this option is available.

If you're starting a new job, moving your retirement savings to your new employer's plan could be an option. A new 401(k) plan may offer benefits like those in your former employer's plan. Depending on your circumstances, if you roll over your money from your old 401(k) to a new one, you'll be able to keep your retirement savings all in one place. Doing this can make sense if you prefer your new plan's features, costs, and investment options.

Pros:

- Any earnings accrue tax deferred.
- You may be able to borrow against the new 401(k) account if plan loans are available.
- Under federal law, assets in a 401(k) are typically protected from claims by creditors.
- You may have access to investment choices, loans, distribution options, and other services and features in your new 401(k) that are not available in your former employer's 401(k) or an IRA.
- The new 401(k) may have lower administrative and/or investment fees and expenses than your former employer's 401(k) or an IRA.
- Required minimum distributions (RMDs) may be delayed beyond age 72 if you're still working.

Cons:

- You may have a limited range of investment choices in the new 401(k).
- Fees and expenses could be higher than they were for your former employer's 401(k) or an IRA.
- Rolling over company stock may have negative tax implications.

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3. Roll over your 401(k) to a Traditional IRA

If you're switching jobs or retiring, rolling over your 401(k) to a Traditional IRA may give you more flexibility in managing your savings. Traditional IRAs are tax-deferred retirement accounts.

Pros:

- Your money can continue to grow tax deferred.
- You may have access to investment choices that are not available in your former employer's 401(k) or a new employer's plan.
- You may be able to consolidate several retirement accounts into a single IRA to simplify management.
- Your IRA provider may offer additional services, such as investing tools and guidance.

Cons:

- You can't borrow against an IRA as you can with a 401(k).
- Depending on the IRA provider you choose, you may pay annual fees or other fees for maintaining your IRA, or you may face higher investing fees, pricing, and expenses than you would with a 401(k).
- Some investments that are offered in a 401(k) plan may not be offered in an IRA.
- Your IRA assets are generally protected from creditors only in the case of bankruptcy. Rolling over company stock may have negative tax implications.
- Whether or not you're still working at age 72 (70½ if turning 70½ in 2019 or earlier) RMDs are required from Traditional IRAs.

4. Roll over your 401(k) to a Roth IRA

If you're transitioning to a new job or heading into retirement, rolling over your 401(k) to a Roth IRA can help you continue to save for retirement while letting any earnings grow tax-free.

Pros:

- You can roll Roth 401(k) contributions and earnings directly into a Roth IRA tax-free.
- Any additional contributions and earnings can grow tax-free.
- You are not required to take RMDs.
- You may have more investment choices than what was available in your former employer's 401(k).
- Your Roth IRA provider may offer additional services, such as investing tools and guidance.

*With a tax-deferred investment, your earnings can grow tax-free until you withdraw them. This means that instead of paying taxes on returns as they grow, you pay taxes only later. IRAs and deferred annuities are common tax-deferred investments.

**Tax-free withdrawals of earnings are permitted five years after the first contribution that created the account. Once the five-year requirement is met, distributions, if taken, will be free from federal income taxes: (1) after age 59½; (2) on account of disability or death; or (3) to pay up to $10,000 of the expenses of purchasing a first home. Withdrawals that do not meet these qualifications will be subject to ordinary income taxes and a 10% federal tax penalty.

- You can consolidate multiple retirement accounts into a single Roth IRA to simplify management.

Cons:

- You can't borrow against a Roth IRA as you can with a 401(k).
- Any Traditional 401(k) assets that are rolled into a Roth IRA are subject to taxes at the time of conversion.
- You may pay annual fees or other fees for maintaining your Roth IRA at some companies, or you may face higher investing fees, pricing, and expenses than you did with your 401(k).
- Some investments offered in a 401(k) plan may not be offered in a Roth IRA.
- Your IRA assets are generally protected from creditors only in the case of bankruptcy.
- Rolling over company stock may have negative tax implications

5. Take a cash distribution.

Pros:

- Having the cash could be helpful if you face an extraordinary financial need.

Cons:

- Taxes and penalties for taking a cash distribution may be substantial.
- Withdrawals before age 59½ may be subject to a 10% early withdrawal penalty and will be taxed as ordinary income.
- Your savings will no longer grow tax- deferred.
- Withdrawing your money may impact whether you have enough money for retirement.

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