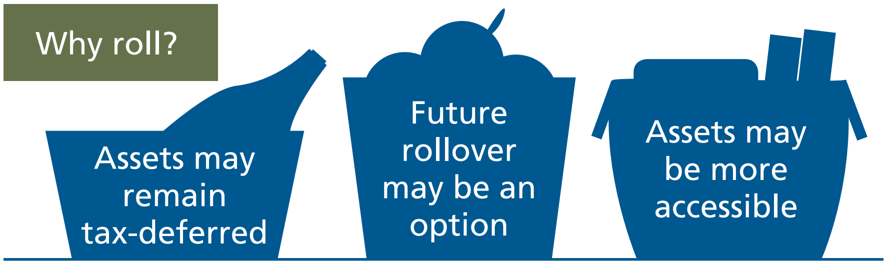
Rolling Your Way to Retirement

Moving your retirement savings? Just roll with it.

Rolling over retirement plan assets to another retirement plan or an IRA is stress-free when you understand the rules.

Learn more today.

"I found rolling over money from my retirement plan to be easy once I understood the rules."



A retirement plan rollover is the movement of eligible retirement plan assets to another eligible employer-sponsored retirement plan or IRA. Rolling over retirement plan assets generally preserves their tax-preferred status. But you must follow the rules to fully benefit from these transactions.

When You Can Roll It Out

A retirement plan rollover starts with a distribution. But first you must be allowed to take a distribution. Employer-sponsored retirement plans have "triggering events," such as attainment of retirement age, termination of employment, disability, or death, that dictate when you may withdraw money from your account. Talk to your employer to determine if you meet one of your plan's triggering events before requesting a distribution.

Next, you must ensure that the amount you are requesting is eligible to be rolled over. Most distributions from retirement plans are eligible to be rolled over to IRAs or other eligible retirement plans, but some are not. For example, you cannot roll over the required distributions that you must take after reaching age 70½. (Talk to the employer about your options if you are a beneficiary.)

Keep On Rollin'

There are options for where you can move your retirement savings and maintain their tax benefits. The illustration to the right shows the types of retirement plan assets that may be rolled over to a Traditional IRA and those that may be rolled over to a Roth IRA. Note that most retirement plan assets may be rolled over to other retirement plans as well, if the plan allows.

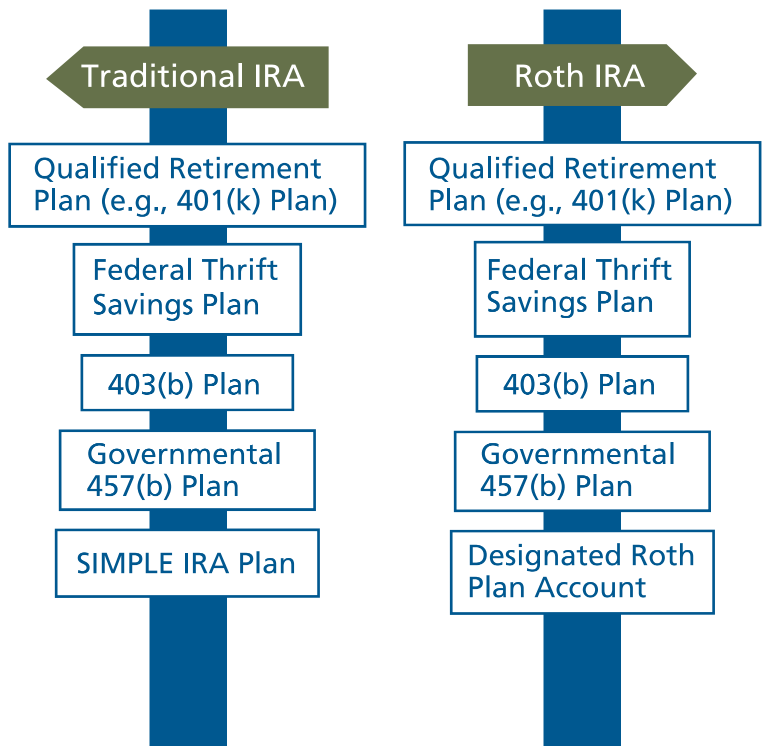
Where to move your money is up to you, and will depend on your circumstances. When rolling over to IRAs, be aware that the money rolled over to Traditional and SIMPLE IRAs remains tax-deferred until distributed, and pretax money rolled over to Roth IRAs generally is taxable in the year of the rollover with the potential for tax-free distributions. Consider talking with a financial advisor to help you make a decision that best meets your goals.

That's How You Roll

Once you know that you are eligible for a rollover from your retirement plan and where you want the assets to go, you need to decide whether to directly or indirectly roll over the money. Understanding the tax consequences of each method may make your decision easier.

By directly rolling over your money to another retirement plan or an IRA, you generally avoid paying current taxes (unless rolling over to a Roth IRA) and penalties because the check from the distributing plan is made payable to the receiving organization, rather than to you.

On the other hand, if you choose to have your retirement plan distribution made payable to you, the distributing plan must withhold 20 percent of the taxable portion of the distribution, and you must include that amount in your taxable income for the year. That amount also is subject to an early distribution penalty tax if you are under age 59½ and do not have a penalty tax exception. To avoid the penalty and income taxes, you must follow through with an indirect rollover. You may make up the withheld amount out of pocket and deposit it with the rest of your distribution generally within 60 days.



For More Information

Talk to us—we'll be glad to provide you with more information about your rollover options.

NOTE: *Rollovers are allowed from a Traditional IRA, qualified retirement plan, 403(b) plan, and governmental 457(b) plan to a SIMPLE IRA after two years have passed since the first contribution under the employer's SIMPLE IRA plan was made to a SIMPLE IRA.*

