

Considerations when Rolling your Company Sponsored Retirement Plan over to Self-Directed Rollover IRA's via In-Service Rollover Post Age 59.5

- ◆ There are many factors that one should consider prior to making any kind of IRA or 401K rollover. A rollover is not right for everyone and our job is to help you understand the pros and cons associated with this decision.
- ◆ You may have a larger selection of investments from which to choose as compared to the firm sponsored 401K plan.
- * ◆ By rolling your current retirement plan into a rollover IRA, you can include investments which may not be offered by your firm's plan. The additional diversity may only be possible if you roll your firm sponsored retirement plan and the future contributions to your rollover IRA. With IRA rollovers you can also include alternative investments such as Real Estate Investment Trusts and private equity investments which are not directly tied to the Stock or Bond markets.* As a result, a rollover IRA can help you diversify your portfolio.
- ◆ With both 401K plans and/or IRA's you will want to have an Investment Professional that can help you develop a portfolio that may better suit your needs and who will monitor the investments.
- ◆ There are many extra services that my firm will provide:
 - ❖ Investment Portfolio Design (asset allocation for you individually)
 - ❖ Investment Portfolio Monitoring (monitoring the investment to make sure that the investments stay within your parameters)
 - ❖ Investment Selection (implementing the trades into the investments that you and I pick)
 - ❖ Investment Coordinating – We will take into account your entire investment portfolio both for your Retirement Plan Assets and Non-Retirement Plan Assets to make sure that there is not too much overlap.
 - ❖ Financial Counseling – We can help you determine how much you need to be investing on an annual basis in order to be able to retire comfortably and we can help you design the appropriate investment mix to help you accomplish your goals.

**Diversity - Diversification does not guarantee a profit or protect against a loss.*

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Other IRA Rollover Factors to Consider for In-Service Post Age 59.5 Rollovers

- ◆ **Penalty free withdrawals for Loans:** It may be easier to borrow from a 401K plan if the plan is with your current employer. Borrowing from the plan is not available if the assets are in a Rollover IRA.
- ◆ **Protection from Creditors and legal judgements:** Generally speaking, 401K plan assets have unlimited protection from Creditors under federal law while IRA assets are protected in bankruptcy proceedings only. State laws vary in the protection of IRA assets in lawsuits, however, under current law in the state of Texas IRA's are protected from the claims of Creditors.
- ◆ **RMD:** Once an Individual reaches 70 ½ the rules for both 401K plans and IRA's require the periodic withdrawal of certain minimum amounts known as Required Minimum Distribution. If a person is still working at 70 ½ , however, they generally are not required to make RMD's from their is current 401K plan.
- ◆ **Fees and Expenses:** Both 401K plans and IRA's typically include investment related expenses and plan fees. Investment related expenses may include sales loads, commissions, the expenses of any investments in which assets are invested and investment advisory fees. Even though most 401K plans may not offer investment management or advice specifically tailored to you and your needs, 401K fees typically include plan admin fees and fees for services such as access to a customer service rep. In some cases employers pay for some or all the admin expenses. An IRA account fee may also include admin, account set-up, and custodial fees, and due to the additional services provided by your Advisor may have higher expenses than a typical non actively managed and non-professionally advised 401K Plan. Investors should carefully examine the fees associated with both their 401K and IRA accounts and their impact of the investment performance.