JEMMA
FINANCIAL SERVICES

HAVE A 401(K) FROM A PRIOR JOB?

YOUR DISTRIBUTION OPTIONS

LEAVE IT

KEEP SAVINGS IN FORMER EMPLOYER'S PLAN

ADVANTAGES

- Maintain tax-deferred status of savings
- Fees in employer plan may be lower than similar individual accounts
- Plan fiduciary is required to prudently monitor the cost and quality of the investment options
- Plan may provide access to planning tools and educational resources

DISADVANTAGES

- Changes made to the plan by your former employer will impact you (i.e., investments, fees, services, plan provider)
- Investment choices are limited to those offered through the plan
- Access to personalized investment advice or advice that takes into account your other assets or particular needs may not be available
- No new contributions allowed

TRANSFER IT

TRANSFER SAVINGS TO A NEW EMPLOYER'S PLAN

ADVANTAGES

- Maintain tax-deferred status of savings
- Continue to make contributions and save for retirement
- Combine other qualified plans or IRA savings into one account
- Fees in employer plan may be lower than similar individual accounts
- Plan fiduciary is required to prudently monitor the cost and quality of the investment options

DISADVANTAGES

- Changes made to the plan by your new employer will impact you (i.e., investments, fees, services, plan provider)
- Investment choices are limited to those the new plan offers
- Access to personalized investment advice or advice that takes into account your other assets or particular needs may not be available
- Plan may offer fewer or more expensive investment options than your former employer's plan
- Transfers may not be allowed or an eligibility period may need to be satisfied

ROLL IT OVER

ROLL SAVINGS INTO AN IRA MANAGED BY AN ADVISOR

ADVANTAGES

- May utilize the services of a financial professional to help with investing and retirement planning
- Maintain tax-deferred status of savings
- Combine other qualified plans or IRA savings into one account
- Access to a broad range of investment options to fit needs as they change over time
- Flexible periodic or unscheduled withdrawals

DISADVANTAGES

- Investment expenses and account fees may be higher than those of employer plans
- Annual contribution amount is limited
- IRS penalty-free withdrawals generally not allowed until age 59½
- Loans are not allowed. Access money only by taking a taxable distribution

There are many factors to consider when you change jobs or retire—one of which is to decide what to do with your retirement plan savings. Since you have several options, it is important to understand the pros and cons of each choice.

CASH IT OUT

CASH OUT SAVINGS

ADVANTAGES

- Immediate access to cash
- If after-tax contributions were made, could take these amounts tax-free (though you will be required to pay tax on the earnings of these contributions)

DISADVANTAGES

- Distribution subject to federal and state income tax
- 10% early distribution penalty may apply on taxable account balance
- May move you to a higher tax bracket
- Forfeit future tax-deferred growth potential

GET STARTED WITH JEMMA FINANCIAL

Need help with the decision-making? Let the experienced Financial Advisors at Jemma help guide you through the process to determine what is right for your individual situation.

P: 855.662.2121 | **E:** info@jemmafinancial.com
jemmafinancial.com