



Know Before You Go: Understanding Your Distribution Options

When changing jobs or leaving employment, decisions you make about taking money from your plan can have serious tax consequences. Here's what you need to know.

| Your Options | Pros | Cons |
|--|---|---|
| 1. Roll over to an IRA | <ul style="list-style-type: none"> • Continue tax-deferred growth • Avoid early withdrawal penalties • Have flexible investment options • Can choose a Roth after-tax IRA • Consolidate your assets in one convenient place | <ul style="list-style-type: none"> • Restricts borrowing against your assets • Applies annual fees and commissions that may be higher than those in your current plan |
| 2. Remain in your plan | <ul style="list-style-type: none"> • Continue tax-deferred growth • Avoid early withdrawal penalties • Receive creditor protection • May have lower fees • Move to another retirement plan later | <ul style="list-style-type: none"> • Possibly limited investment options • May not be able to remain in the plan if the balance is less than \$5,000 • May not have access to loans |
| 3. Roll over to another employer's plan | <ul style="list-style-type: none"> • Continue tax-deferred growth • Avoid early withdrawal penalties • May be able to consolidate qualified assets in one account • May be able to borrow from the plan • Receive creditor protection • May have lower fees | <ul style="list-style-type: none"> • Limits you to investment options offered by that plan • May have limits on how you can move money among investment choices |
| 4. Take a distribution in cash | <ul style="list-style-type: none"> • Get the money you need right away | <ul style="list-style-type: none"> • Possible 10% early withdrawal penalty if you are under age 59½ • Adds to ordinary income and may increase your tax liability in the year received • May severely limit your ability to stay on track for retirement |

Consult with your investment advisor or tax professional before deciding on any distribution option.

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