Learn about your retirement plan distribution options

Are you considering the various options for your savings in your qualified employer sponsored retirement plan (QRP), such as a 401(k), 403(b), or governmental 457(b)? Know that what you choose to do with your current retirement savings can have a substantial impact on your future. You generally have four options for your QRP distribution:

- Roll over your assets into an Individual Retirement Account (IRA)
- Leave your assets in your former employer's QRP, if allowed by the plan
- Move your assets directly to your new employer's QRP, if allowed by the plan
- Take your money out and pay the associated taxes

Each of these options has advantages and disadvantages, and the one that is best depends on your individual circumstances. You should consider features such as investment choices, fees and expenses, and services offered. Your financial professional at our firm can help educate you regarding your choices so you can decide which one makes the most sense for your specific situation. Before you make a decision, read the information provided in this piece to become more informed, and speak with your current retirement plan administrator and tax professional before taking any action.

	Keep in your former employer's QRP or move to your new employer's QRP	Roll to an IRA
Fees and expenses	• Fees and expenses are generally lower in a QRP compared to an IRA and you will continue to have access to those investments.	• IRA fees and expenses are generally higher than those in your QRP and depend primarily on your investment choices.
Investment options	• Limited investment options. • Investment options for the plan are chosen by the plan sponsor and the plan participant chooses from those options.	• A broad range of investment options. • IRA owner chooses investments.
Loans	• Usually, loans are for active employees only. • You generally are allowed to repay an outstanding loan within a short period of time.	• Loans from an IRA are prohibited.
Required Minimum Distributions (RMDs)	• RMDs begin from your former QRP by April 1 following the year you reach 72, and continue annually thereafter. • RMDs may be deferred beyond age 72 if the QRP allows, you are still employed and not a 5% or more owner of the company. • RMDs must be taken from each QRP including designated Roth accounts; aggregation is not allowed.	• RMDs begin by April 1 following the year you reach 72, and annually thereafter. • The aggregated amount of your RMDs can be taken from any of your Traditional, SEP, or SIMPLE IRAs. • Roth IRA owners have no RMDs.

	Keep in your former employer's QRP or move to your new employer's QRP	Roll to an IRA
Employer Securities (company stock) and Net Unrealized Appreciation (NUA)	• Employer securities in your plan may have increased in value. The difference between the price you paid (cost basis) and the stock's increased price is NUA. • NUA is not taxed until the stock is sold in a non-IRA brokerage account and is taxed at the capital gains rates, which may be lower than your income tax rates. • Favorable tax treatment of NUA is lost if moved into another QRP instead of being distributed to a non-IRA brokerage account when taking an eligible lump-sum distribution from your QRP.	• Favorable tax treatment of NUA is lost if rolled into an IRA instead of being distributed to a non-IRA brokerage account when taking an eligible lump-sum distribution from your QRP. • NUA treatment is not available for distributions from IRAs.
Creditor protection	• Generally, QRPs have bankruptcy and creditor protection under the Employee Retirement Income Security Act (ERISA). • QRPs not covered by ERISA are not protected. These may include 401(k)s that only cover the owner, spouse and partners, certain 403(b), and certain 457(b) plans.	• Traditional and Roth IRA contributions and earnings are protected from creditors in federal bankruptcy proceedings to a maximum limit of $1,362,800, adjusted periodically for inflation. • Rollovers from QRPs, SEP, and SIMPLE IRAs have no maximum limit for federal bankruptcy protection. • IRAs are subject to state creditor laws regarding malpractice, divorce, creditors outside of bankruptcy, or other types of lawsuits.
Exceptions to the IRS additional 10% pre-59½ tax (10% additional tax)	• If you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees). • Due to Qualified Domestic Relations Order (QDRO). • Dividends from employee stock ownership plans.	• Certain unemployed individuals' health insurance premiums. • Qualified first-time homebuyer ($10,000 lifetime maximum). • Qualified higher education expenses.
These exceptions apply to all options	• Over age 59½ • Death • Disability • Eligible medical expenses • Taking substantially equal periodic payments (SEPP)	• Qualified reservist distribution • Involuntary IRS levies • Qualified birth or adoption
Other considerations	• Assets cannot be kept in your current QRP if it is being terminated. • Additional contributions typically not allowed in your former QRP. • Investment and distribution options are controlled by the QRP rules.	• Access to investment advice and guidance. • Additional contributions are allowed, if eligible. • Ability to customize investment choices to meet your personal needs. • Immediate access to your savings and the ability to get to those funds quickly. • IRAs can be consolidated and conveniently maintained with one provider.

Take a lump-sum distribution (taxes and penalties may apply)

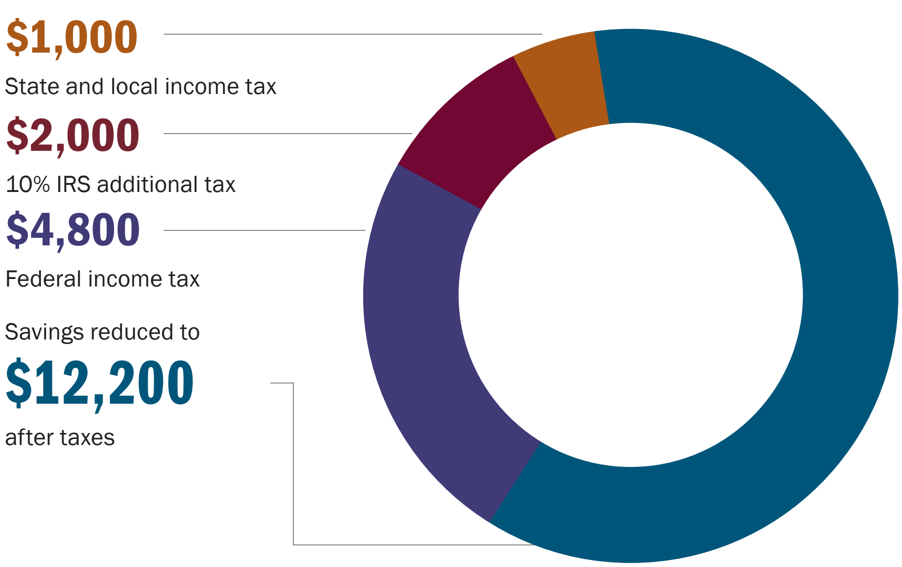
You should carefully consider all of the financial consequences before cashing out your QRP savings. The impact will vary depending on your age and tax situation. If you absolutely must access the money, you may want to consider distributing only what you need until you can find other sources of cash.

Please keep in mind:

- Your funds lose their tax-advantaged growth potential.
- If you leave your company before the year you turn age 55 (or age 50 for public service employees), you may owe a 10% IRS additional tax on the distribution in addition to any ordinary federal, state, and local income tax.
- The IRS requires your former employer to withhold 20% for taxes.
- An eligible lump-sum distribution of employer securities may qualify for favorable tax treatment of the NUA.
- You may be able to take a partial distribution.

Taking a lump-sum distribution can be costly

Here's what's left of a $20,000 cash payout:



For illustrative purposes only. Assumes a 24% federal tax bracket and 5% state and local tax rate. Taxes may vary.
The QRP is required to withhold a mandatory 20% federal income tax; you may owe more or less than the 20% depending on your tax bracket.
The 10% IRS additional tax may be assessed if participant is under age 59½ and no penalty exception applies. State penalty may also apply.

When considering rolling over assets from a QRP to an IRA, factors that should be considered and compared between the QRP and the IRA include fees and expenses, services offered, investment options, when penalty-free distributions are available, treatment of employer stock, when required minimum distributions begin and protection of assets from creditors and bankruptcy. Investing and maintaining assets in an IRA will generally involve higher costs than those associated with QRPs. You should consult with the plan administrator and a professional tax advisor before making any decisions regarding your retirement assets.

Please note: This material has been prepared for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading or distribution strategy. The accuracy and completeness of this information is not guaranteed and is subject to change. It is based on current tax information and legislation as of January 2022. Since each investor's situation is unique, you need to review your specific investment objectives, time horizon, risk tolerance, and liquidity needs with your financial professional(s) before an appropriate investment or distribution strategy can be selected. Also, since our firm does not provide tax or legal advice, investors need to consult with their own tax and legal advisors before taking any action that may have tax or legal consequences.