Items to consider when comparing services regarding Rollover/Transfer analysis

What benefits or services might be lost if the client left the current 401(k) plan?

- More creditor protection (IRAs are held to state creditor laws regarding malpractice, divorce, or other lawsuits; maximum caps can be lower than ERISA protections).
- The ability to take loans from the plan (or there are existing loans).
- The ability to take penalty-free withdrawals before age 59 1/2 (if the client is planning to retire between ages 55 and 59 1/2).
- Ability to do back-door Roth contributions.
- The ability to defer mandatory distributions if still working past age 72.
- If the employee owns appreciated employer securities, potential loss of favorable tax treatment of net unrealized appreciation if the assets are all rolled into an IRA. (May mitigate by taking out NUA assets as a lump sum distribution along with the rollover.)
- The potential to opt for guaranteed annuity-like payments from the plan at retirement (if available).
- Death benefit (if available).

What benefits or services would be gained by having the assets in an IRA?

- Broader array of investment options.
- Financial planning, tax and estate planning services, risk analysis etc.
- Integrated investment management and asset location, allowing for strategic placement of certain assets in the most tax-advantaged accounts.
- Cash and withdrawal management – distributions from employer plans are often done pro-rata, forcing liquidation of invested assets.
- Ability to directly debit management fees.
- Avoiding the hassle of remembering 401(k) login information.
- Ability to make a clean break with former employer.
- Ability to do partial Roth conversions in advance of RMDs.
- Ability to tax-manage retirement distributions from various retirement accounts.
- Ability to make qualified charitable distributions (QCDs), tax-free, directly from the IRA.
- More timely responsiveness for requests, questions, and support. (i.e., easier changes to beneficiary updates to support your ever-changing financial life).
- Ability to consolidate accounts and the convenience of having all the account administration and performance reporting handled in one place.