THE PARTNERS GROUP

WHAT TO DO WITH AN OLD 401(k) PLAN
ROLLOVER OPTIONS

CHANGING EMPLOYERS

WHAT SHOULD I DO WITH MY OLD 401(K) PLAN?

Did you recently change jobs? Have a 401(k) with your former employer and not sure what to do with it? Don't worry; you're not alone, and you have options!

Most of us will work for a variety of companies over the course of our careers, which can lead to a trail of former employer 401(k) plans left behind.

Typically, there are four options for dealing with an old 401(k) plan. Read on to learn about each of these options, as well as the pros, cons, and tax implications.

WHAT IS A ROLLOVER?

A rollover is when you transfer funds from your 401(k) account into another tax-advantaged retirement account. You can roll a 401(k) to an individual retirement account (IRA) or to your new employer's 401(k) plan (if they offer one).

4 OPTIONS FOR YOUR OLD 401(k) ACCOUNT

1

LEAVE IT WHERE IT IS

As long as your 401(k) account balance is over $7,000, you may choose to leave it where it is. While your account may remain in your former employer's plan, you will no longer be able to contribute to it after you leave the company. If you choose this option, be sure to keep your contact information current on your account, especially if you change addresses. That way you will continue to receive your quarterly statements and be kept informed of any plan changes. Note: some plans charge higher fees for terminated participants.

2

ROLLOVER TO AN INDIVIDUAL RETIREMENT ACCOUNT (IRA)

You may choose to roll your 401(k) balance directly to an IRA, without triggering a taxable event. This is called a direct rollover. Many banks, credit unions, and investment companies offer IRAs. Once you open an IRA and roll your 401(k) balance into it, you will be able to choose from a variety of investment options. With an IRA, you can manage the investments yourself or opt to have someone else manage them for you.

3

ROLLOVER TO YOUR NEW EMPLOYER'S RETIREMENT PLAN (IF AVAILABLE)

This is another type of direct rollover option. It allows you to transfer your 401(k) balance directly from your old 401(k) plan into your current employer's 401(k) plan (if they offer a plan), without triggering a taxable event. While most plans allow rollover contributions, be sure to first confirm it with your employer. This option allows you to see all your 401(k) retirement savings in one place with only one quarterly statement to track. Some plan participants choose this option for the convenience of consolidation.

4

CASH IT OUT (TAXES AND/OR PENALTIES MAY APPLY)

This means you take a lump sum distribution of your total vested 401(k) balance and receive the funds. You would likely owe income taxes on the amount of the distribution. Additionally, a 10% penalty tax may be imposed by the IRS if you are under age 59 1/2 at the time of the distribution.

Distributions and rollovers can be initiated by contacting your 401(k) plan's recordkeeper via their website or participant support phone line. Many plans will allow you to request the transaction on the website while others may require your former employer to sign off on a form before your transaction can be processed.

Please Note: We recommend you carefully read any tax notices provided during the distribution or rollover process, and/or consult with a tax advisor before making your decision. Taxes and/or penalties may apply to certain distribution options.

Have questions? Contact our plan consultants at The Partners Group at retirement@tpgrp.com.