HECK CAPITAL ADVISORS

INVESTMENTS: PORTFOLIO MANAGEMENT • CONSULTING • PLANNING

Retirement Insights
Options to consider when retiring or changing jobs

Option	Potential Benefits	Considerations
Roll the retirement account into an IRA account (IRA rollover) (May also roll the Roth 401(k) portion of a retirement account into a Roth IRA)	No income taxes or penalties for a direct rollover1 Assets maintain tax-deferred status Ability to make additional contributions subject to income limitation2 Potential for a broader range of investment choices Opportunity to consolidate multiple retirement accounts If balance includes employer stock, may be eligible for preferable tax treatment (Net Unrealized Appreciation) if the stock is not rolled over3	Loans are not allowed Fees may vary, and may be higher than what is charged in an employer plan
Leave the money in former employer plan	Not a taxable event Assets maintain tax-deferred status If you are atleast 55 and are separated from service, you may be able to take withdrawals without penalties Fees may be lower depending on plan size	Investment options vary according to the plan and may be more limited Ability to leave assets in the plan as well as ongoing plan options are subject to policies and contractual terms of the plan Some plans may not provide periodic payments to retirees
Move the assets into a new employer plan	No taxes or penalties apply for a direct rollover1 Assets maintain tax-deferred status New employer plan may allow loans Ability to make additional contributions potentially with a company match Fees may be low based on plan and size of employer (number of participants)	Investment options vary according to the plan and may be more limited Assets are subject to policies or terms of new employer plan
Withdraw balance of assets or “cash out” of plan	Individual may use remaining funds (after taxes and potential penalties) for other purposes	Upon withdrawal, account balance is subject to ordinary income tax on pre-tax contributions and investment earnings 20% automatically withheld for taxes upon distribution Additional 10% withdrawal penalty tax may apply for owners younger than age 59½ Additional federal, state or local income taxes may apply Loss of tax-deferred growth of assets
Convert all or part of retirement account into Roth IRA (Roth IRA conversion)	May provide income tax diversifi cation in retirement After taxes are paid at conversion, future distributions are tax free4 Required minimum distributions do not apply at 70½	The pre-tax amount is included in gross income in the year of conversion (and is subject to the aggregation rule) Sufficient taxable assets to pay income taxes owed is strongly recommended

1 In a direct rollover, qualified retirement assets are transferred directly from the former employer plan to the institution holding the new IRA account, and no taxes or penalties will apply. If an owner chooses to receive the plan assets first, the distribution is subject to 20% mandatory withholding and the assets must be deposited into a new plan or IRA account within 60 days of receipt to avoid further potential taxes and penalties.
2 Subject to IRA contribution limits: $5,500 / $6,500 in 2015 (if age 50 or older); single filers may make Roth contributions if MAGI is $116,000 or below; married filing jointly if MAGI is $183,000 or below; phase-outs on contributions thereafter.
3 With the Net Unrealized Appreciation (NUA) strategy, an employee may transfer the employer stock portion of a retirement account to a brokerage account. The employee pays ordinary income tax on the cost basis of the stock at the time of transfer, but will owe capital gains tax when he/she later sells the stock.
4 Subject to 5-year Roth account holding period and age requirements.