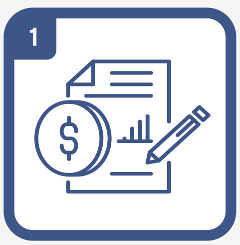
5 PROS & CONS OF
401(K) ROLLOVERS

Have recent events resulted in job loss? In addition to making decisions about new career opportunities and making ends meet, you might also be faced with a decision about what to do with your retirement account from a previous employer.

Should you rollover your 401(k), leave it where it's at or do something else with the money? Consider these factors first, and talk with a financial professional who can help you address others that may apply to your situation:

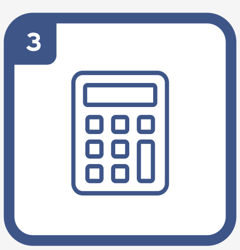


INVESTMENT SELECTION

With an employer-sponsored retirement account, there's typically a similar portfolio offered to everyone. When you choose to rollover that 401(k), you might gain access to a wider range of investment options including stocks, bonds, mutual funds, index funds, annuities and others that allow you to tailor your investments to your personal risk tolerance. A financial professional can help you sort through your options.

ACCESS TO ACCOUNT INFORMATION AND ADVICE

Gaining access to information about your plan by going through a previous employer may be a challenge down the road, especially if they end up shutting their doors due to an economic downturn. If that happens, you may not be able to get the advice you want. Working with a financial professional might be easier and he/she can give you advice specific to your situation.



TAXES

Some investors are concerned that they'll be hit with more taxes if they transfer funds to a new account. If a rollover makes sense for you, you likely don't need to worry about this since a direct rollover won't be hit with taxes. Your investments will continue to grow on a tax-deferred basis, and taxes will only be assessed when distributions are made from your account.

EARLY ACCESS TO FUNDS

While accessing funds prior to age 59 ½ can be accomplished for both employer-sponsored funds and IRAs, there are advantages and disadvantages to each. For instance, there may be penalties for early withdrawals.[1] A financial professional who understands your particular situation can help you determine whether you're better off leaving your retirement savings in the employer plan or rolling it over to an IRA, along with any associated implications for early withdrawals.

FEES, EXPENSES AND GUARANTEES

The fees associated with employer-provided retirement accounts can vary greatly and you may be able to have lower fees and expenses in a rollover IRA. In addition, there may be investment options available for your rollover that can provide protection against downturns in the financial markets that may or may not be available in your employer-provided plan. Ask your financial professional about potential fees, asset protection, minimum balance requirements and other factors.

What makes most sense for you — leaving your retirement account in your previous employer's plan or rolling it over to an IRA? The best way to know is to talk with a financial professional who can help you understand your financial situation, give you personalized advice, and leverage the use of our Rollover Analysis Tool. Make your appointment to start the conversation now!

A financial professional at your credit union is here to help you today.

SOURCE:
[1] Consumer Financial Protection Bureau, Considering an early retirement withdrawal? CARES Act rules and what you should know, June 30, 2020

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