Equity Services Incorporated®

Defined Contribution Rollover Education

Important Information about your IRA Rollover Options

For use with Defined Contribution Plans such as 401(k), 403(b), etc. Not to be used if the source is an IRA, SEP, SIMPLE, or other IRA-based account. Instead, use the IRA to IRA transfer recommendation form ES0735.

Upon terminating employment, retiring, or potentially doing an in-service withdrawal while still employed, whether the client should move assets from their Defined Contribution plan depends upon their individual needs and circumstances. There are advantages, and disadvantages, to all their options, including moving their assets to an Individual Retirement Account (IRA) at Equity Services, Inc. (ESI). The client should review information about expenses, investments, and services before deciding, as it will impact their savings and income in retirement.

This chart[1] describes the four options generally available to people. The client should consider this information in light of their circumstances and needs. Since this is general information to help with their decision, there may be other factors they should consider.

	Stay in Plan*	**IRA Rollover**	**Move to New Plan*** (May not be applicable for in-service withdrawals)	**Take a Cash Distribution**
Tax Deferred Growth	Yes	Yes	Yes	No
Taxable Event[2]	No	No However, when money is withdrawn it will be taxed	No	Yes, taxes will result immediately. 20% mandatory withholding may apply
Payment of Penalties	No	No	No	Yes, 10% if you are younger than 59.5.
Access to Money (Penalty Free)	As early as age 55 (plan specific) 59.5 for 457 plans	Typically, not until age 59.5 (exceptions apply)	As early as age 55 (plan specific) 59.5 for 457 plans	Unlimited
Investment Options	Can be limited	Nearly Unlimited	Can be limited	Not Applicable
Personalized Advice	Often Not Available	Available	Often Not Available	Not Applicable
Consolidated Assets under one Registered Rep or Investment Advisor	No	Available	No	Not Applicable
Loan Provisions	Often Available	Not Available	Often Available	Not Applicable
Protection from Creditors[3]	Generally protected from creditors	Generally protected in Bankruptcy, only	Generally protected from creditors	Not Protected
Ease of Withdrawals	May be restrictions or charges	Penalty free withdrawals after 59.5 for college or first home	May be restrictions or charges	Not Applicable
Outstanding Loan Repayment	Not Applicable (Repayment Obligation Remains) and may be required on termination of employment	Any existing plan loans must be repaid before transfer (Cannot Repay Over Time)	Any existing plan loans may need to be repaid before transfer	Not Applicable

Continued	**Stay in Plan***	**IRA Rollover**	**Move to New Plan*** (May not be applicable for in-service withdrawals)	**Take a Cash Distribution**
Investment Fees	Investment options generally have lower expenses	Investment options are generally more expensive	Investment option generally have lower expenses	Not Applicable
Ongoing Contributions	Not Available (Unless Still Employed)	Available (subject to limits)	Available (subject to limits)	Not Applicable
Account Fees	Generally Lower	Generally Higher	Generally Lower	Not Applicable

*457 plans may have additional considerations.

[1] This Chart contains general statements of rules, but rules governing retirement accounts and the tax code are complex. Exceptions to the statements above exist in specific circumstances. Accordingly, this chart provides general guidance and should not be viewed as tax or legal advice and should not be relied upon. The client should consult with their lawyer or tax professional for personalized advice.

[2] Moving assets from a 401(k) to an IRA generally will not create a taxable event, however, if they hold their employer's company stock in their 401(k), they will likely be taxed on the gain upon transfer. They should consult with their accountant before making any decision.

[3] Plans under the Employment Retirement Income Security Act (ERISA), such as 401(k) accounts, are generally protected from creditors other than the Federal Government. IRAs are generally only protected from creditors in bankruptcy proceedings. State laws, whether they have offered their plan or IRA assets as collateral for a debt, and whether a creditor is a former spouse, may limit these protections. If The client is concerned about creditors, they should consult with their attorney before making this important decision.

Acknowledgement

Regarding my ____ plan,

(Company & Plan Name)

I have considered my options and made my own decision. My Registered Representative/Investment Advisor has not made a rollover recommendation to me, and I choose to transfer assets from my Defined Contribution plan to an IRA at ESI.

______________________ ______________________ ______________

Client Name | Client Signature | Date *(mm/dd/yyyy)*