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ROLLOVER CHOICES

How to make the most of your assets in a former employer's retirement plan

Understand your choices[1]

	Leave the assets in your former employer's plan.	Withdraw the assets in a lump-sum distribution.[2]	Roll over all or portion of the assets to a traditional IRA.	Move the assets to your new employer's retirement plan.	Convert all or a portion of the assets to a Roth IRA.
PROS	• Access to familiar investment choices • Likely lower costs • Broad protection from creditor claims under federal law • Preserve tax-deferred growth potential • If between 55 and 59½, may be able to take early withdrawals free of the 10% additional tax	• Immediate access to the assets • Choose how you spend or reinvest the assets	• Potential for future tax-deferred growth • Can make new contributions to rollover IRA[3] • Typically more investment choices and planning tools • Access to investment advice	• Access to potentially new investment choices • Avoid immediate taxes and a potential 10% early-withdrawal additional tax • Broad protection from creditor claims under federal law • Preserve tax-deferred growth potential • May not have to take Required Minimum Distributions if you are still working[4] • May be able to take a loan[5]	• Withdrawals of contributions are federal income tax-free (taxes are paid at time of contribution) • Qualified withdrawals of any earnings[6] • Able to pass potential earnings to heirs federal income tax-free[7] • Original account owner doesn't have to take required minimum distributions (RMDs)[7] • Potential hedge against rising taxes
CONS	• Investment choices may be limited • Plan rules on distributions and beneficiary distribution options may be restrictive • Can't make new contributions or take loans • The Required Minimum Distribution (RMD) rule applies if assets are left in a former employer's plan[4]	• Taxes will reduce the amount you receive[8] • Cannot put assets back into former employer's plan • Less opportunity for potential tax-deferred future growth	• Limited opportunity for early withdrawals without paying a 10% early-withdrawal additional tax (early tax is not due for amounts rolled over) • Loans are not available • Protection from creditors in bankruptcy only • Additional fees should be considered when moving assets to an IRA (for example, transfer fees may apply)	• Some plans don't allow rollovers[5] • There may be waiting periods or other restrictions[5] • Investment choices may be limited	• Income taxes paid when you convert the assets • Loans are not available • Limited opportunity for early withdrawals • Protection from creditors in bankruptcy only • Additional fees should be considered when moving assets to an IRA (for example, transfer fees may apply)

Learn more

Decide which choice works for you

Everyone's situation is different. There are many factors that you'll want to take into consideration when evaluating your choices and deciding which one, or combination of choices, is appropriate for you. Each choice may offer different investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and provide different protection from creditors and legal judgments. These are complex choices and should be considered with care.

- As with all investment decisions, there are potential benefits and disadvantages for each choice, including those outlined on this educational overview. Also, keep in mind that in some situations, your choice is irreversible.
- The information we are providing is educational in nature. We are not recommending a specific choice relating to your employer-sponsored plan assets.

Questions?

Visit merrilledge.com/fsalocator to find a Merrill Financial Solutions Advisor at a Bank of America financial center near you.

Call 888.654.6837 Monday through Friday, 8 a.m. to 10 p.m. Eastern if you're already a client.

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Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

[1] Existing retirement plan assets do not include Roth employer plan assets.

[2] If any portion of your employer plan account balance is eligible to be rolled over and you do not elect to make a direct rollover (a payment of the amount of your employer plan benefit directly to an IRA), the plan is required by law to withhold 20% of the taxable amount. This amount is sent to the Internal Revenue Service as federal income tax withholding. State tax withholding and a 10% early-withdrawal additional tax also may apply. If you timely complete an indirect rollover, you can work with your tax advisor to obtain a refund from the IRS when you file your tax return for the taxable year.

[3] If eligible.

[4] A Required Minimum Distribution (RMD) is the minimum amount the account holder of a traditional IRA or qualified retirement plan must withdraw annually. If you are age 70½ or older as of December 31, 2019, you are required to take an RMD for the 2019 tax year. Effective January 1, 2020, in accordance with new legislation, the required beginning date for RMDs is now raised to age 72. The RMD can be taken any time during the year but no later than December 31st. You may defer your first RMD until April 1st of the year after you turn age 70½ or 72, as applicable, however you will then be required to take two distributions within that year. Failure to take all or part of a RMD results in a 50% additional tax applicable to the amount of the RMD not withdrawn.

[5] Contingent on specific plan rules.

[6] Distributions from a Roth IRA are not subject to federal income tax, provided you have satisfied a five-year holding period and at least one of the following applies: (i) you are 59½ or older; (ii) you are a qualified first-time home buyer (lifetime limit of $10,000); (iii) you are disabled; or (iv) the distribution is a payment after your death to your beneficiary or estate.

[7] Original Roth IRA account owners are exempt from taking Required Minimum Distributions (RMD). Beneficiaries are required to take RMDs from inherited IRAs. A spouse beneficiary may elect to treat an inherited Roth IRA as his or her own and would not have an RMD requirement during his or her lifetime.

[8] Distribution subject to immediate 20% federal tax withholding, plus applicable state tax and possibly a 10% early-withdrawal additional tax if you are under age 59½ or under age 55 and separated from service. You may owe additional taxes when you file your income tax return with the IRS.

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