THE CASE FOR ROLLOVERS

Seven reasons to roll assets to an IRA after you leave a job

Prior to retirement, you generally have one source of income – earnings from employment. However, during retirement, your income is likely to come from multiple resources, such as Social Security, pension and investment income. Planning for and managing all of these income streams can be complicated, but some of the challenges can be reduced if you consolidate your income and assets in one place. To do that, you will probably have to do a "rollover" to move assets from your 401(k), 403(b) or other retirement plan.

Here are seven compelling reasons why rolling retirement plan assets to an IRA may be a good strategy for you:

1. Professional Advice

You can work with the financial advisor of your choice. Unlike advice that may or may not be available through your employer plan sponsor, you can receive professional advice that is customized to achieve your financial goals through an allocation that is tailored for your needs and that fits within the framework of your overall portfolio.

2. Flexibility and Choice

If you're happy with your 401(k) plan choices, you may be able to invest in the exact same holdings in an IRA account and still have the option to change your allocations over time in response to market conditions or your personal situation. You can also expand your investment choices, selecting from thousands of stocks, bonds, CDs, REITs and other investments.

3. Control fees and expenses

By leaving assets in former employer plans or spreading them across multiple IRAs, you could be paying fees to each company for doing essentially the same thing. Consolidating retirement assets can eliminate redundant maintenance and management fees. Some 401(k) plans charge higher maintenance fees on accounts of former employees.

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4. Access

Many 401(k) and other qualified retirement plans place restrictions on when and how you may conduct distributions. This could limit your access to assets; possibly when you need them the most.

5. Taxes

Rolling a 401(k) into an IRA allows you to continue growing retirement savings tax-deferred or tax-free (depending on the contribution type). This enables you to avoid any untimely or unnecessary taxation as well as penalties. If you choose to roll over qualified assets to a Roth IRA, you will incur an immediate tax burden now but avoid one in the future.

6. Protecting your heirs

IRAs generally have more flexibility in beneficiary designations. If you're married, many 401(k) plans do not allow you to select anyone but your spouse as beneficiary and generally do not allow for multiple beneficiaries. A traditional IRA allows you to skip generations when designating a beneficiary, which allows them to spread distributions over a much longer time frame. Some call this a "stretch IRA," which will allow your legacy the opportunity to continue growing tax deferred and minimize income taxes owed.

7. Simplification

Consolidating retirement plan assets into a single IRA account can simplify your financial life. With all retirement assets in one account, it will be easier to monitor and rebalance your asset allocation* strategy, receive year-end tax information from a singular source and review consolidated statements on a regular basis.

Consult with your Raymond James financial advisor about the advantages of consolidating your retirement assets into an IRA. There are many factors involved and steps that must be implemented correctly in order to make the most of your rollover decision.

*Asset allocation does not guarantee a profit nor protect against loss. RA withdrawals may be subject to income taxes, and prior to age 59 1/2 a 10% federal penalty tax may apply. Rolling from a traditional IRA into a Roth IRA may involve additional taxation. When converted to a Roth, the client pays federal income taxes on the converted amount, but no further taxes in the future. Unless certain criteria are met, Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount is subject to its own five-year holding period. Investors should consult a tax advisor before deciding to do a conversion.

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