RAYMOND JAMES

Qualified plan distribution and rollover considerations

A plan participant leaving an employer typically has four options with respect to the retirement assets in an employer-sponsored retirement plan (and may generally engage in a combination of these options). These options include:

- leaving the money in his/her former employer's plan, if permitted;
- rolling over the assets to his/her new employer's plan, if one is available and rollovers are permitted;
- rolling over the assets to an IRA; or
- taking a distribution/cashing out the account value.

There are various factors that one might consider in determining which option(s) may be best for their situation and the importance of which will depend on an investor's individual needs and circumstances now and in the future. This document sets forth some such factors.

KNOW YOUR OPTIONS

Distribution Option	Pros	Cons
Rollover to an IRA	• Money continues to grow tax-deferred • Investment flexibility • Flexible beneficiary designations and distribution options • Access to money • Able to convert to a Roth IRA	• No loans or age-55 retirement-distribution provisions • Outstanding loans in a plan might need to be repaid before rolling over to an IRA • Potential for higher costs and fees than employer-sponsored plans • IRA assets protected in bankruptcy proceedings only • Loss of net unrealized appreciation with lower tax treatment of shares of company stock
Rollover to a Roth IRA	• Money will grow tax-free • Investment flexibility • Beneficiaries may receive money tax-free	• Must pay ordinary income tax • Tax paid with account proceeds will be deemed a distribution, therefore taxed and penalized if applicable • Potential for higher costs and fees than employer-sponsored plans • IRA assets protected in bankruptcy proceedings only • Loss of net unrealized appreciation with lower tax treatment of shares of company stock
Take as cash	• Immediate access to savings • Taking a distribution of shares of company stock may lower taxes, if eligible	• No longer tax-deferred • Penalty if under 59 1/2 • Subject to 20% withholding • Distribution subject to ordinary income tax

Distribution Options	Pros	Cons
Rollover to a new employer's plan	• Money continues to grow tax-deferred • Ability to take loans if plan allows • Account consolidation • May be eligible for penalty-free withdrawals if client retires at or after 55 • Potential for full protection from creditors under federal law • Required Minimum Distributions might not be required from current employer plan if still working after age 72 (70 1/2 if you reach 70 1/2 before January 1, 2020)	• Subject to distribution rules of the plan • Non-spouse beneficiaries generally required to take lump-sum distribution until 2010, when all plans are required to allow non-spouses the ability to rollover • Plan investment limitations • May have restrictions on trading and additional fees
Leave the money in the plan	• Money continues to grow tax-deferred • May be eligible for penalty-free withdrawals if client retires at or after age 55 • Potential for full protection from creditors under federal law	• Plan investment limitations • Non-spouse beneficiaries generally required to take lump-sum distribution • May have restrictions on trading and additional fees

WHAT YOU SHOULD CONSIDER

Investment Options: An IRA often enables an investor to select from a broader range of investment options than are available via a retirement plan. The importance of this factor will depend in part on how satisfied the investor is with options in their retirement plan.

Fees and Expenses: Both plans and IRAs typically involve (i) investment-related expenses and (ii) plan or account fees. Investment-related expenses may include sales loads, commissions, the expenses of any mutual funds in which assets are invested and investment advisory fees. Plan fees typically include plan administrative fees (e.g., recordkeeping, compliance, trustee fees) and fees for services such as access to a customer service representative. In some cases, employers pay for some or all of the plan's administrative expenses. An IRA's account fees may include, for example, administrative, account set-up and custodial fees.

Services: Both retirement plans and IRAs can offer various levels of service. Retirement plans can provide access to investment advice, planning tools, help lines, educational material, etc. Similarly, IRA providers offer different levels of personal service, which may include full brokerage, investment advice, distribution planning, etc.

Penalty-Free Withdrawals: Penalty-free withdrawals generally may not be made from an IRA until age 59 1/2. In a retirement plan, an employee may be able to take penalty-free withdrawals from a plan between the ages of 55 and 59 1/2. An employee may also be able to borrow from a plan.

Protection from Creditors and Legal Judgements: In general, plan assets have unlimited protection from creditors under federal law, while IRA assets are protected in bankruptcy proceedings only. State laws vary in the protection of IRA assets in lawsuits.

Required Minimum Distributions (RMDs): Generally, once an individual reaches age 72 (70 1/2 if you reach 70 1/2 before January 1, 2020), the rules for both qualified plans and IRAs require the periodic withdrawal of certain minimum amounts, known as the required minimum distribution. If a person is still working at age 72, however, he/she generally is not required to take required minimum distributions from his/her current employer's plan. This may be advantageous for those who plan to work into their 70s.

Employer Stock and NUA: An investor who holds significantly appreciated employer stock in a plan should consider the negative tax consequences of rolling the stock to an IRA. Net unrealized appreciation (NUA) of employer stock is a special tax treatment that is only available for distribution of employer securities from the employer's plan. If the securities are rolled into an IRA, the NUA is lost. The tax advantages of retaining employer stock in a non-qualified account should be balanced with the possibility that the investor may be excessively concentrated in employer stock. For some investors, it may be advisable to liquidate the holdings and roll over the value to an IRA, even if it means losing long-term capital gains treatment on the stock's appreciation.

Conflicts of Interest: Financial services firms, such as banks, broker-dealers and investment advisers, and their representatives that offer IRAs generally earn commissions or other fees and compensation as a result of your decision to fund an IRA at their firm. In contrast, your decision to leave your savings in your former employer's plan or to roll over to a new employer's plan likely results in little or no compensation for such a firm or its representative. Thus, it is important for you to understand that any financial professional (including your Raymond James representative) who discusses options with respect to rolling over your plan savings into an IRA at their firm benefits financially if you move your assets to the firm.

This document provides general and educational information with respect to the various options that may be available with respect to retirement account assets in an employer-sponsored retirement plan. Neither the list of factors above nor the information in the chart is meant, and should not be construed, to be exhaustive.

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863