Rollover IRAs

Did You Know?

Nearly half of the 40.2 million households with Traditional IRAs indicated they contained rollovers from employer plans.[1]

Potential Benefits

Helping clients understand their options gives you the opportunity to:

- Build deeper relationships.
- Consolidate existing retirement assets into a single account.
- Help prospects and clients stay on track toward their retirement goals.

Important considerations

Every individual's situation is different, and a rollover IRA may be right in certain situations. Make sure the following key points are discussed when an IRA rollover is considered: investment options, fees and expenses, services, penalty-free withdrawals, protection from creditors and legal judgments, RMDs, employer stock as well as other factors. Clients should speak with a tax professional regarding their specific situations. You should also make clients aware that investing involves risk, including the loss of principal. The value of an investment in an IRA will fluctuate over time, and it may gain or lose money.

Pershing's open-architecture platform allows you to offer your clients a universe of investment options, including thousands of no-transaction-fee mutual funds, managed accounts and alternative investments.

Benefits of consolidation

For certain investors, Rollover IRAs can help:

- Maximize the potential of their retirement savings.
- Simplify their account management.
- Gain access to a more comprehensive range of investment options.

Rollover basics

- A Rollover IRA is a Traditional IRA that receives assets from an employer-sponsored plan, such as a 401(k), 403(b)(7) or pension plan, or another IRA.
- Designated Roth 401(k) or 403(b)(7) plans can be rolled over to a Roth IRA.
- With a rollover, individuals preserve the federal income tax-deferred status of the assets, avoid mandatory tax withholding or income tax penalties, continue investing in a tax-advantaged manner, gain greater flexibility in accessing their assets and more.
- Additionally, individuals can roll pre-tax employer-sponsored plan assets directly to a Roth IRA as a conversion.

Potential Candidates for Rollover IRAs

This strategy may be right for individuals who:

- Have 401(k) or 403(b)(7) assets at previous employers or multiple IRA accounts.
- Want to consolidate assets to maximize their retirement savings and investing potential.
- Seek to keep their retirement investments on track, regardless of job changes.

Pershing Enables You To:

Expand the possibilities

- 27,000 mutual funds from more than 800 fund families[2]
- More than 7,000 no-transaction-fee options from more than 300 fund families[2]
- Exchange-traded funds (ETFs) to meet the needs of even the most sophisticated investors

Simplify your life

- Consolidate taxable and retirement assets onto one platform
- Access the technology and tools to manage assets holistically, efficiently and cost effectively

Reinforce your value

- Retain ownership and control over your client relationships
- Use the tools and support to identify and capitalize on retirement opportunities

Build your business

We provide the tools, support and materials you need to identify and successfully capitalize on retirement opportunities

Rely on our strength

- $1.5 trillion in assets under custody[3]
- $362 billion in IRAs[2]
- $24 billion in employer sponsored plans[2]

[2] As of December 31, 2016

[3] As of September 30, 2016

	Roll Over to an IRA	Keep in Former Qualified Plan	Roll Over to New Qualified Plan	Distribute Cash From Qualified Plan
Pros	› Federal income tax-deferred status of assets protected › No mandatory withholding or income tax penalties › Extensive range of investment choices to meet goals › Greater flexibility for accessing assets › Option to convert to a Roth IRA, which may offer tax benefits › Individuals age 70½ or older may exclude up to $100,000 in qualified charitable distributions from gross income	› Federal income tax-deferred status of assets protected › May be able to take a plan loan › May be able to purchase employer stock › May have access to certain proprietary investments › Generally protected from creditors of plan participants and insulated from bankruptcy claims	› Federal income tax-deferred status of assets protected › Loans, if available, based on a larger consolidated balance › If working after age 70½, client may be able to defer RMDs › May be able to purchase employer stock › May have access to certain proprietary investments › Generally protected from creditors of plan participants and insulated from bankruptcy claims	› Immediate access to retirement plan assets › Leverage the Net Unrealized Appreciation (NUA) tax strategy for employer stock held in former employer's plan
Cons	› No loans allowed › Required Minimum Distributions (RMDs) begin at age 70½ for Traditional IRAs › Lose the Net Unrealized Appreciation (NUA) tax strategy for employer stock held in former employer's plan › May lose protection from creditors	› Limited investment options selected by employer › Client becomes responsible for choosing and managing investment options within the plan › Old plans are often neglected or forgotten › Withdrawal options and timing may be limited by the plan › Often left in "set it and forget it" mode, which may not help client reach retirement goals	› New employer may not allow rollovers into plan › Limited investment choices selected by employer › Client is responsible for choosing and managing investments › Investments from former plan may not be available in the new plan, requiring investment sales and purchases › Often left in "set it and forget it" mode, which may not help client reach retirement goals	› 20% mandatory employer withholding for federal income taxes on eligible rollover distributions › Client may owe nearly 50% of the cash value in taxes if 100% of funds are not deposited into an IRA within 60 days of the distribution (10–40% for ordinary federal income taxes; 5–10% for state and local taxes, if applicable; 10% early withdrawal penalty if under age 59½) › Lose tax-deferred growth potential › Not protected from creditors

[1] *ICI Research Perspective*, February 2016

To learn more about Pershing's Retirement Solutions, please visit pershing.com or Resources within NetX360®. To help compare and select IRAs, go to retirementpowerplay.com/essentials.

Pershing does not provide tax or legal advice. Clients should be advised to consult with a legal or tax advisor about their individual circumstances before establishing a plan.

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