

# MAXIMIZING YOUR RETIREMENT

## *Employer Rollovers*



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## I. MAXIMIZING YOUR RETIREMENT

### The Strategic Move of Rolling Over Employer Plans to an IRA

Most everyone I speak with has in some form or fashion visualized retirement, the land of mojitos, beaches, and golf. Few and far between of those daydreaming about retirement have crunched the numbers and planned for retirement. Planning for retirement is foundational to the journey of successfully getting there.

One of the pivotal responsibilities of employees when transitioning between jobs or retiring is what to do with their employer-sponsored retirement plan. In this article, we will delve into the importance of considering an IRA rollover and provide a step-by-step guide on how to execute this financial move proficiently.





## II. UNDERSTANDING THE ROLLOVER

A rollover involves transferring funds from an employer-sponsored retirement plan, such as a 401(k), 403(b), or governmental 457(b), into an Individual Retirement Account (IRA). This transfer allows you to maintain the tax-advantaged status of your retirement savings while potentially accessing a broader range of investment options and gaining more control over your assets.



## III. THE IMPORTANCE OF AN IRA ROLLOVER

**Diversification and Investment Choices:** Employer-sponsored plans often have limited and outdated investment options. By rolling over to an IRA, you gain access to optimal investments, including individual stocks, bonds, ETFs, and more. This diversification can lead to a more balanced and resilient portfolio.

Most employer-sponsored plans only allow investment in mutual funds which are outdated and inefficient. Further, there are many restrictions on trading such as limiting how often your account can be traded and an inability to sell during market hours. You could essentially be locked out from selling during a period of downside volatility.

**Lower Fees:** Many IRAs offer lower expense ratios and transaction costs compared to employer-sponsored plans. By carefully selecting your IRA provider and investment options, you can potentially save a significant amount in fees over the long term.

**Consolidation:** If you have multiple retirement accounts from different employers, rolling them over into a single IRA can simplify your finances, making it easier to manage and track your investments. This allows for a cohesive financial plan to be built and managed. Too often, old employer retirement plans are forgotten about and misaligned with our other assets.

## IV. HOW TO EXECUTE A ROLLOVER

A rollover is easy to complete and tax-free but there are a couple of important steps involved so you should consult with a financial professional as you don't want to run afoul of any cost rules.

### Step 1: Open an IRA Account

Choose a reputable financial institution and open an IRA account. Ensure that the account is set up to receive a rollover.

### Step 2: Contact Your Plan Administrator

Get in touch with the administrator of your employer-sponsored plan to initiate the rollover process. They will guide you through their specific procedures and provide the necessary forms.

### Step 3: Choose a Direct Rollover

Opt for a direct rollover to minimize tax withholdings and potential penalties. In a direct rollover, the funds are transferred directly from your employer plan to your IRA without passing through your hands.

### Step 4: Select Your Investments

Once the funds are in your IRA, work with your financial advisor to select the appropriate investments based on your risk tolerance, time horizon, and financial goals.

### Step 5: Confirm and Monitor

Ensure that the rollover is completed successfully and regularly review your IRA investments to ensure they remain aligned with your retirement objectives.





## V. CONCLUSION

Rolling over an employer-sponsored retirement plan to an IRA is a strategic move that can enhance your investment options, reduce fees, and provide greater control over your retirement savings. This choice can allow you to improve the odds of reaching your financial goals, like retirement.

By understanding the importance of this financial decision and following the proper steps to execute a rollover, you can position yourself for a more secure and prosperous retirement. Consult with a financial advisor to navigate this process effectively and tailor the strategy to your unique financial situation.

## QUESTIONS?

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