Rollover options to consider

There are more alternatives than you might think

If you're retiring or changing jobs, you may have to decide what to do with the money in your retirement savings. Explore your options and make an informed decision.

Why is this decision so important? Because your quality of life in retirement may depend on the retirement savings you accumulate. You can leave your money in your former employer's plan, roll funds over to your new employer's plan or roll your funds over to an IRA (individual retirement account) or take a distribution. Each choice has its own pros and cons — see table below.

Alternatives	Pros	Cons
Leave savings in former employer's retirement plan (if allowed)	• Your money keeps growing tax deferred • Can maintain asset allocation strategy • No federal early withdrawal tax penalty for withdrawals if you're age 59½ or severed from employment in or after the year you reach age 55 • Minimal or no documentation • Assets are protected from creditors	• Investment options limited to those offered by the plan • Can no longer make contributions to the plan • Accounts of inactive or retired participants may have limitations such as no loan privileges • Employer might change plan or plan provisions in future
Roll savings over to new employer's retirement plan	• No taxable distribution when money is rolled over directly to another qualified plan • Your money keeps growing tax deferred • New plan may offer more investment options • New plan may have lower fees • Retirement assets are consolidated with one plan provider • New employer plan may offer loans • Assets are protected from creditors	• New plan might offer fewer investment options • New plan might have higher fees • May have a waiting period for contributions • Withdrawals and distributions subject to new plan provisions • Surrender charges could be imposed by former provider if the account included an annuity

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Alternatives	Pros	Cons
Roll savings over to an IRA	• No taxes or penalties on direct rollover • Your money continues to grow tax deferred • Wider choice of investment options may be available • Retirement assets can be consolidated in one retirement account • Penalty-free withdrawals for first home purchase and college expenses • May be able to convert assets to Roth IRA in the future	• Full amount of your account not immediately available • When converting traditional IRA to Roth IRA, will have to pay ordinary income tax on amount you convert (pretax contributions and earnings) • Surrender charges could be imposed by former provider if the account included an annuity
Take a lump-sum distribution	• Immediate access to your funds • If you have a pressing need for a large amount of cash, this could be an option	• The withdrawal could push you into a higher income tax bracket for that year — causing severe tax consequences • Unless an exception applies, you might be charged an additional 10% federal income tax penalty if you are under age 59½ • It is a good idea to consult an attorney or tax advisor before taking a lump-sum distribution

Got rollover questions?

Your VALIC financial advisor has answers! You can also consult with your professional tax advisor before reaching a final decision.

Your Future is Calling. Meet It with Confidence.

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