5 ROLLOVER *Strategies* for 401(k)s

Compliments of
Jerry F. Adams

JerryAdams
Financial Strategies

Jerry F. Adams
President

With Jerry Adams & Associates you benefit from his professional experience. For over 36 years he's been helping to protect the financial future of those he serves.

From retirement income and succession planning to Social Security maximization and wealth preservation, Jerry helps to plan for your retirement income goals.

Jerry works with pre-retirees, retirees, professionals, small business owners and high-net-worth individuals in need of guidance. He's committed to achieving lifetime retirement income stability for his clients looking for little or no market risk.

Whether it's planning your retirement, maximizing your income if you are already retired, or leaving a legacy. Jerry works closely with you to coordinate a strategy for your retirement income needs.

Whatever your ambitions may be, he helps you to pursue your objectives while creating a systematic plan of action. Jerry Adams & Associates is a family-owned business that understands the importance of building and maintaining a financially stable future for you and your family.

Jerry is a family man end enjoys spending quality time with his children and grandchildren playing golf and watching sports. He's a Louisiana State Museum and Wedell-Williams Memorial Foundation Board Member and a member of St. Joseph Church.

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Did you leave something behind at your last job? No, not your favorite stapler. Something much more important. Something that could impact your retirement and your financial future. Did you leave your 401(k) plan behind?

If so, you're not alone. Leaving a job can be hectic. During the transition, it's easy to forget about your retirement plan. The good news is that it's never too late to do something about it! You have a few options for managing your old 401(k) plan.

"More than **15 million** Americans *currently* have a 401(k) plan with an **ex-employer.**[1]"

[1] *http://www.forbes.com/forbes/2010/0607/investing-roth-ira-conversion-fidelity-tax-rothify-401k.html*

1 Cash it out

Many people choose to cash out their 401(k) plan when they leave their employer. It's easy to see why this is tempting. Many people view that 401(k) plan balance as "bonus" money. They use it to pay bills, buy something special or simply boost their savings account.

Despite the temptation, cashing out a 401(k) isn't wise, especially if under age 59½. First, taxes must be paid on the amount withdrawn. Second, if under age 59½, there's a 10 percent withdrawal penalty on top of taxes.

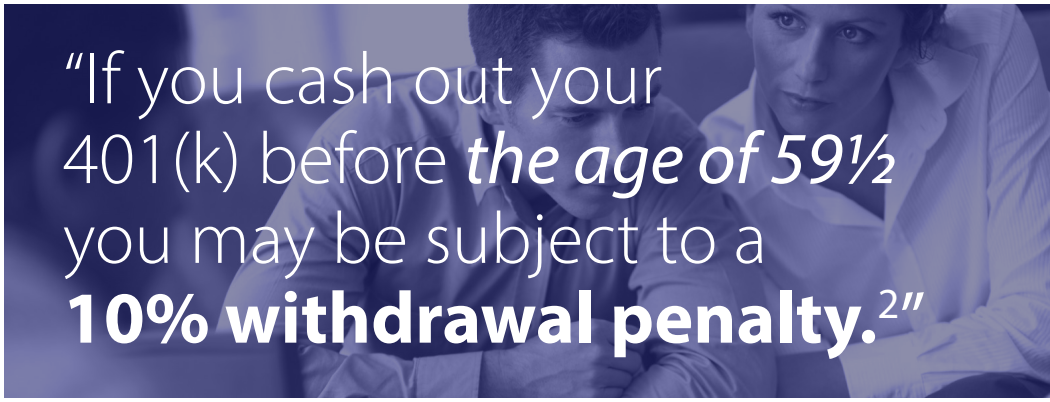
The combined taxes and penalties may use up a big portion of the 401(k) balance. You can avoid this by moving the money into a qualified vehicle.

2 Leave it at your former employer

If the balance is below a certain threshold, like $500, the plan custodian may automatically cut a check for the balance. However, outside of this situation, it's possible to leave the money in the plan indefinitely.

Things to consider if you leave the money in the old 401(k) plan include any inconveniences that may come with working with the former employer. First, if you ever want to change the product or access the money for any reason, navigating the old employer's 401(k) platform, and possibly the human resources portal, may be challenging.

It could also create a problem for your beneficiaries. If you pass away, your beneficiaries will need to file death-benefit claims with your retirement contract custodians. Will they know you have a 401(k) plan at an old employer? If you switch jobs several times, will they be able to track down your plans at multiple employers?



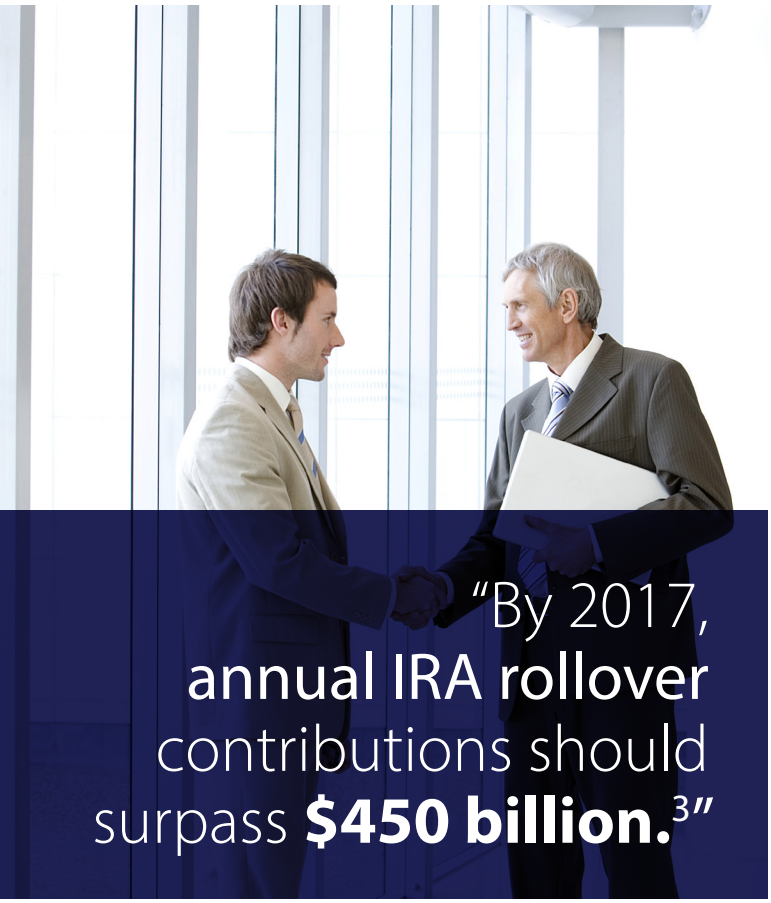
3 Transfer it to your new employer

You may have the option to transfer the money into your new employer's 401(k) plan. However, not all employers allow a rollover from a previous employer. This option allows for easier tracking and the continuance of tax-deferred interest potential. However, your 401(k) investment options may be limited when compared to an IRA and you may be subject to your new employer rules, management fees and transaction limits.

4 Roll it into an IRA

Roll money out of the old 401(k) plan into an IRA with no penalties or tax liability. Utilizing the rollover allows more control of your funds. 401(k) plans may offer limited investment options, whereas in an IRA, it is possible to select from a wide variety of financial and insurance products.

[2] *https://www.fidelity.com/retirement-planning/learn-about-iras/401k-rollover-options*



A traditional IRA works much like a 401(k) plan. Your money grows tax-deferred until you make withdrawals. If you wait until after age 59½ to withdraw the money, you avoid paying a 10 percent early withdrawal penalty. At age 70½, you are required to start making withdrawals.

Within an IRA, you can use your money to purchase nearly any type of asset including stocks, bonds, real estate, gold, international stocks and more. You can even opt for guarantees and purchase a fixed annuity or keep the money in cash or CDs.

[3] *http://www.thinkadvisor.com/2013/02/12/ira-rollovers-to-hit historic-highs-as-boomers-nea*

5 Roll it into an Annuity

An annuity is a tailored insurance product that's offered by life insurance companies. It has many of the same tax advantages of a 401(k) or traditional IRA. Your money grows tax-deferred and you can take tax penalty-free withdrawals after age 59½.

Annuities have other benefits you won't find in a 401(k) or an IRA such as:

Lifetime income. Annuities generate streams of income you can't outlive. Immediate annuities convert your savings into an immediate income stream that can last a lifetime and are guaranteed by a life insurance company. A fixed deferred annuity allows your premium the opportunity for growth prior to the guaranteed income stream beginning.

Guarantee of principal. With fixed annuities, you are guaranteed to get back your initial premium amount. Fixed annuities offer no downside market risk and pay a fixed interest rate every year.

Death benefits. 401(k) plans and IRAs allow you to pass on your account balance to your beneficiaries. Fixed annuities may have additional death benefits. Some offer protection on your money from losses tied to market downfalls and guarantee your beneficiaries will not receive less than your original account balance. Other annuities offer bonuses to enhance the value of the death benefit.

Talk to us about your 401(k) balance at your old employer. We can outline your options and help you make the decision that's appropriate for you.

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Respond and learn how various financial products including insurance and annuities can positively impact your retirement. By responding you may be contacted by a licensed insurance professional.

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Annuities are insurance products backed by the claims-paying ability of the issuing company; they are not FDIC insured; are not obligations or deposits of, and are not guaranteed or underwritten by any bank, savings and loan or credit union or its affiliates; are unrelated to and not a condition of the provision or term of any banking service or activity.

Guaranteed lifetime income available through annuitization or the purchase of an optional lifetime income rider, a benefit for which an annual premium is charged. Annuities are long-term, tax-deferred vehicles designed for retirement and contain some limitations. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59½, may be subject to a 10 percent federal tax penalty. Fixed Indexed Annuities do not participate in any stock or equity investments. Limitations and restrictions apply, including withdrawal charges and recapture charges. During the withdrawal and recapture charge period, the annuity's cash withdrawal value may be less than the premium. For costs and complete details, contact your Licensed Insurance Professional. 15063 - 2015/11/17

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