

## EXPLORING YOUR DISTRIBUTION OPTIONS

Option	What this means	Advantages	Disadvantages	Example
<b>Rollover IRA</b>	A rollover IRA is an account set up to receive a lump sum distribution from a qualified retirement plan. The lump sum distribution is moved (rolled over) directly from the qualified plan (the funds are made payable to the rollover institution) into the Rollover IRA.	<ul style="list-style-type: none"> <li>You owe no immediate income taxes on the distribution.</li> <li>You can avoid early withdrawal penalties if you are under age 50 1/2.</li> <li>The earnings on your assets grow tax-deferred.</li> <li>You decide where to invest your money as permitted by the Rollover IRA.</li> <li>Although certain pre-age 59 1/2 distributions may be subject to a 10 percent early withdrawal penalty, you may be able to access the money in your Rollover IRA without penalty by setting up a periodic payment program (sometimes called 71(1) payments.)</li> </ul>	<ul style="list-style-type: none"> <li>Your entire distribution may not be eligible to be rolled over (your employer should give you a statement that indicates whether any part of your distribution cannot be rolled.)</li> </ul>	<p>Distribution Amount: \$150,000</p> <p>Taxes Withheld: 0</p> <p>Rollover Amount: \$150,000</p>
<b>Indirect Rollover IRA</b>	You receive the lump sum distribution from your employer's qualified plan (the funds are made payable to you) and place it into a Rollover IRA within 60 days.	<ul style="list-style-type: none"> <li>Once in the Rollover IRA, the earnings on your assets grow tax-deferred.</li> <li>You decide where to invest your money as permitted by the Rollover IRA.</li> <li>Although certain pre-age 59 1/2 distributions may be subject to a 10 percent early withdrawal penalty, you may be able to access the money in your Rollover IRA without penalty by setting up a periodic payment program (sometimes called 72(1) payments.)</li> </ul>	<ul style="list-style-type: none"> <li>Your employer is required to withhold 20 percent of your distribution for income tax purposes to be sent to the IRS.</li> <li>You may also roll over an amount equal to the 20 percent withheld to avoid immediate taxation on the amount.*</li> <li>You have only 60 days to roll over the amount distributed to you (including the amount of tax withheld to your Rollover IRA).</li> <li>If you do this, the 20 percent withheld may be refunded at this time.</li> </ul>	<p>Distribution Amount: \$150,000</p> <p>20% Mandatory Withholding: (\$30,000)</p> <p>Distribution Received: \$120,000</p> <p>Amount you must add back with your own funds to avoid taxes and possible penalties: \$30,000</p> <p>Rollover Amount (within 60 days): \$150,000</p>
<b>Cash Distribution (Lump Sum Distribution)</b>	You receive the entire lump sum distribution in cash, paid directly to you.	<ul style="list-style-type: none"> <li>Can be a source of cash if there is a need and you have no other resources.</li> <li>You may be eligible for favorable tax treatment (e.g. income averaging) on the distribution.</li> </ul>	<ul style="list-style-type: none"> <li>You may owe federal, state and local income taxes on your entire distribution.</li> <li>Your employer is required to withhold 20 percent of your distribution for income tax purposes to be sent to the IRS.</li> <li>If you are under age 59 1/2, you may owe an additional 10 percent of your distribution as an early withdrawal penalty (some exceptions apply.)</li> <li>After all of the tax consequence, you will be left with much less to live on or to invest for retirement.</li> </ul>	<p>Distribution Amount: \$150,000</p> <p>20% Mandatory Withholding: (\$30,000)</p> <p>Distribution Received: \$120,000</p> <p>Additional Income Taxes Owed (assumes 30% Federal tax bracket and 10% early withdrawal penalty): (\$39,000)</p> <p>Amount Remaining: \$81,000</p>
<b>Leave Money in Your Former Employer's Plan</b>	You may leave your money in your former employer's retirement plan if you have more than \$5,000 in your account.	<ul style="list-style-type: none"> <li>You do not have to take any action.</li> <li>Your retirement savings remain invested.</li> <li>Your money continues to grow tax-deferred.</li> </ul>	<ul style="list-style-type: none"> <li>Your former employer's plan may not have the investment options you desire.</li> <li>You must notify your former employer of address changes and other relevant matters.</li> </ul>	No Distribution Taken
<b>Roll Over Distribution into New Employer's Plan</b>	If your new employer's retirement plan allows, you may be able to roll your money into that plan.	<ul style="list-style-type: none"> <li>Your retirement savings continues to be invested in a tax-deferred investment vehicle.</li> <li>You owe no immediate income taxes if your distribution is rolled into your new employer's plan.</li> </ul>	<ul style="list-style-type: none"> <li>Your new employer's plan may not have the investment options you desire.</li> <li>You may have to wait until you are eligible to participate in the plan (one year is common) before you can rollover your money.</li> </ul>	<p>Distribution Amount: \$150,000</p> <p>Taxes Withheld (if a direct rollover): \$0</p> <p>Rollover Amount (within 60 days): \$150,000</p>



## MAXIMIZE YOUR INVESTMENTS

Talk to a J.P. Turner advisor today to determine the best strategy for your retirement account.

Your representative will review all of your investment holdings and communicate how they are performing in response to your overall investment goals and risk tolerance. Taking this holistic approach helps identify the most beneficial investment strategy for you.

## WHAT ARE YOU WAITING FOR?

Experience the J.P. Turner difference. Contact your representative today!