Moving Your 401(k) *to an* IRA

Why would I do this?

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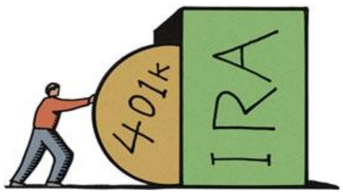


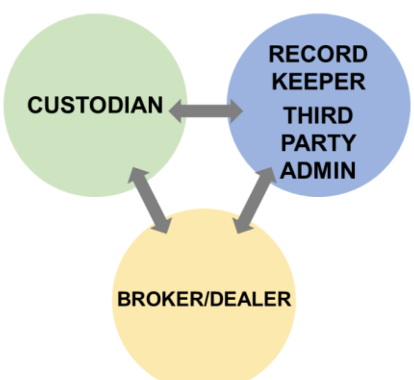
There are two life events when you should consider moving your 401(k) or other employer-sponsored retirement plan to an IRA; when you change jobs and when you retire. This is called a "rollover."

There are a number of advantages to moving a 401(k) to an IRA, but first let's address a common question in the minds of many who are changing jobs or retiring:

Is my money as safe in an IRA as it is in my employers' 401(k) plan?

This is a very understandable and reasonable question. When changing jobs you often have the option of moving your 401(k) savings to your new employers' 401(k) plan (or leaving it in your employers' plan if retiring). Particularly for those who work in large companies, there is a sense of "safety in numbers," meaning that the assets held in a very large corporate sponsored plan are "safer" than assets held in an Individual Retirement Arrangement (IRA).

The truth is that both employer plans and IRAs are equally protected from potential "hanky-panky" as long as the assets are held by a reputable Custodian. Let's look at the three primary players in administering and safeguarding accounts; they are the Custodian, the Record Keeper, and the Broker/Dealer, and they work in conjunction with each other:



Custodian. The Custodian is like a bank; they are responsible for moving money and safeguarding assets in the plan or account. A custodian does not provide investment advice or have any input as to how assets are invested.

Record Keeper / Third Party Administrator. Their role is to manage and track contributions, earnings, and communicate that information (such as statements) to necessary parties. In many cases the Record Keeper and Third Party Administrator are the same firm.

Broker/Dealer. The Broker/Dealer executes the buying and selling of securities within the account when told to do so by you or an investment advisor that you have authorized to do so.

This arrangement is based in regulations and statutes and works to ensure that assets held in the account, be that 401(k) or IRA, are administered properly and accurately, and to ensure that only authorized persons can access or direct the accounts. ***For most people, this arrangement is sort of "invisible" but be assured that whether your account is $1,000 or $1,000,000 the same safeguards are in place to protect your assets and ensure that your account is administered accurately.***

Advantages of an IRA over a 401(k) Plan

More Investment Choices.

Many if not most 401(k) plans place limits on how you can invest your money. This varies widely amongst different plans, but generally speaking most 401(k) plans limit investment choices to primarily equity and bond funds. *With an IRA the entire universe of investment choices is available to you including risk management tools such as options.*

No Limit on Buying and Selling

Many if not most 401(k) plans place limits on how often you can buy and sell different holdings to rebalance your account or take advantage of changing market conditions. *There are no such limits with an IRA.*

Fewer Rules and Limitations

Every employer-sponsored 401(k) plan can have somewhat different rules in how and when you can access your money (for example, the ability to take a loan or an in-service distribution while still employed) because the regulations allow the employer a lot of leeway when they establish their plan. *The rules for IRAs are the same in every case; there is no leeway under the regulations.*

No Required Tax Withholding on Distributions

The IRS requires that at least 20% of distributions from a 401(k) be withheld for federal taxes. *This is not a requirement for IRAs, providing you more control over when and how taxes due are paid.*

Aggregated Required Minimum Distributions

When you attain age 72, you must withdraw a minimum amount each year from any retirement account you have. Let's assume that at age 72 you have three different retirement accounts – two 401(k)s and an IRA, and the minimum you must withdraw is $5,000 from each 401(k) and $5,000 from the IRA, for a total of $15,000. You must make the applicable withdrawal from each of these accounts, rather than just withdraw the total $15,000 from any one of the accounts (you might not want to do so because of investment performance). *If instead all three accounts are IRAs, then you can distribute the total amount from only one of the IRAs. This provides you with more control.*

Moving Your **401(k)** *to an* **IRA**

ATUL C. DUBAL, *CFP®*

If you are changing jobs or retiring, our team has expertise in how to rollover your 401(k) or other employer-sponsored retirement plan to an IRA, and we can show you investment choices with great track records of performance.

ATUL C. DUBAL, *CFP®*

I am a fully independent, fee-based investment advisor and licensed insurance professional. This means that I am bound by the "fiduciary standard," meaning that I am bound – both legally and ethically – to work only in your best interest, not in the interest of any bank, brokerage, or insurance company.

I am a Certified Financial Planner® (CFP®). This means that I have passed the highest level of competency certification available for personal and small business financial planning.

I offer over 30 years of experience and expertise in helping my clients achieve their financial goals. My team and I bring a rich and diverse base of experience related to tax-aware planning, retirement income planning, investment management, estate conservation, insurance, and college funding planning.

I serve clients from a variety of backgrounds throughout the United States, with a specialty focus upon the sometime unique needs and situations of my Indian community living and working in the U.S .

I reside in Pleasanton, California with Maya, my dear wife of over 30 years. We are blessed with a son and a daughter, now grown adults.

My team and I look forward to working with you.

Sincerely,

Atul C. Dubal, *CFP®*

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