

THE COMPLEXITIES OF ROLLING OVER YOUR RETIREMENT PLAN MADE EASY

Sponsored by:



Presented by:

Diane M. Pearson, CFP[®], PPC[™], CDFP[™]



DIANE M. PEARSON, CFP[®], PPC[™], CDFA[™]

Diane M. Pearson, CFP[®], PPC[™], CDFA[™] is a Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.[®] and EmergingWealth Investment Management, Inc.

Diane has been selected three times by *Worth* magazine as one of “The Top 250 Wealth Advisors” in the country.

Diane has been selected seven consecutive times by *Medical Economics* magazine as one of “The 150 Best Financial Advisors for Doctors in America.”

She has also been selected five times by *Dental Products Report* as one of “The Best Financial Advisors for Dentists in America.”

Diane has also been previously selected by *Pittsburgh Magazine* three times as one of the Pittsburgh area’s FIVE STAR Wealth Managers, a list that represents the most elite financial advisors in Pittsburgh.

With over 25 years of experience, Diane assists all types of clients with their financial planning and investment needs. Diane specialized expertise includes working with widowed, divorced and retirement-focused individuals.

She is also a managing member of the Smart Divorce Institute, LLC which provides professional, expert guidance, through educational workshops for men and women contemplating, experiencing, and/or emerging from divorce.

Diane has been awarded the Certified Divorce Financial Analyst[™] (CDFA[™]) professional designation. As a CDFA[™], she is qualified to serve as a financial expert on divorce cases, present data to support an argument, and educate clients on the short- and long-term financial implications of different divorce settlement proposals.

Diane is one of the first financial advisors in the country to earn the Professional Plan Consultants[™] (PPC[™]) designation, recognizing her commitment to education and service excellence in the qualified retirement planning industry.

Ms. Pearson is also a member of the second Pittsburgh chapter of the Women’s Presidents Organization (WPO).

Diane has also previously been selected as one of "Pennsylvania's Best 50 Women in Business" by The Pennsylvania Department of Community and Economic Development.

DEPARTMENT OF LABOR

FIDUCIARY RULE

Fiduciary - Fee Only

Suitability - Commission or “Fee-Based”

OPTIONS

- 1. Leave It Where It Is**
- 2. Take A Cash Distribution**
- 3. Rollover To A New Employer's Plan**
- 4. Rollover To An IRA Rollover (Not A Traditional IRA)**
- 5. Rollover To A Roth IRA Rollover**

QUESTIONS THAT NEED ANSWERED

IF YOU LEAVE THE PLAN AS IS:

- 1. Fees**
- 2. Investment options**
- 3. Access to the account**
- 4. Required Minimum Distribution**
- 5. Employer stock**
- 6. Death benefits**

TAKE A CASH DISTRIBUTION:

- 1. Federal Taxes**
- 2. State taxes**
- 3. 60-day rollover rule**

ROLLOVER TO A NEW EMPLOYER'S PLAN:

- 1. Fees**
- 2. Investment Options**
- 3. Pre- And Post-Tax Contributions**
- 4. Eligibility**

ROLLOVER TO AN IRA ROLLOVER:

- 1. Financial institution**
- 2. Fees**
- 3. Investment options**
- 4. Required Minimum Distribution**
- 5. Employer stock**
- 6. Pre- and post-tax contributions**

401(k) PLANS WITH ROTH 401(k) OPTIONS

Rollovers to a Roth IRA are less complex

REMINDER: Unless certain criteria are met, Roth IRA owners must be 59½ or older and have held the Roth IRA for 5 years before tax-free withdrawals of earnings are permitted.

WHO BENEFITS THE MOST FROM IN-PLAN ROTH CONVERSIONS?

- 1. Creditor protection in states with poor protection for Roth IRAs**
- 2. Can use Roth 401(k) plan funds to purchase life insurance**
- 3. Can use a loan to access their Roth funds**

Re-characterization of a in-plan Roth IRA conversion cannot be done. In order to re-characterize, the plan assets need to be rolled into a Roth IRA then converted to a Traditional IRA and not back into the plan.

ROTH 401(k) CONVERSIONS

AMERICAN TAXPAYER RELIEF ACT

- 1. Does it make sense to convert?**
 - a. Taxes?**
 - b. Need the money now or later?**
 - c. Future tax rate?**
- 2. Is an in-plan conversion better than a Roth IRA conversion?**
 - a. Cover the tax bill**
 - b. No way to re-characterize or undo if necessary.**
 - i. Can't pay the tax bill or**
 - ii. Account value drops substantially**
- 3. Roth 401(k) plans have Required Minimum Distributions – Roth IRAs do not**
- 4. Five-year rule**

ROLLOVER TO A ROTH IRA ROLLOVER:

- 1. Financial institution**
- 2. Taxes**
- 3. Fees**
- 4. Investment options**
- 5. Five year rules**

ROLLING 401(k) PLAN INTO A ROTH IRA

Advantage: Federally tax-free withdrawals

Prior to 1/1/08 not allowed to rollover directly to a Roth IRA, instead:

- 1. Open a IRA Rollover**
- 2. Convert the IRA Rollover to a Roth IRA**
 - a. Prior to 2010, you had to make sure your Adjusted Gross Income was less than \$100,000.**
 - b. After 2010, the AGI limitations were removed.**
- 3. Some state retirement plans, 401(k)s and 403(b)s did not give an option to rollover into a Roth IRA - after 2010, this is an option for all plans.**

LOGISTICS OF ROLLING OVER PLAN ASSETS TO AN IRA ROLLOVER OR ROTH IRA ROLLOVER

1. Loans

2. New account

a. Mutual fund company

b. Discount brokerage firm

c. Full service brokerage firm

3. New account number.

4. Termination paperwork and account value. Needed:

a. Financial institution's name and address

b. Account number.

c. HOW THE CHECK SHOULD BE MADE PAYABLE

LOGISTICS OF ROLLING OVER PLAN ASSETS TO AN IRA ROLLOVER OR ROTH IRA (continued)

5. Return the paperwork

6. You should either:

a. Receive a check OR

b. Electronic wire

7. Monitor the transfer

8. Deposited into a money market or fund

WHY YOU SHOULD NOT ROLL OVER A 401(k) PLAN

- 1. Separated from Service After Age 55**
- 2. Traditional Roth IRA Conversion**

WHY YOU SHOULD NOT ROLL OVER A 401(k) PLAN (Continued)

3. Net Unrealized Appreciation - Employer Stock

GETTING A DIVORCE?

IRAS ARE LESS COMPLEX THAN A 401(k) PLAN

- 1. Split IRAs between each other by:**
 - a. Divorce Decree**
 - b. Rolling the funds over**
- 2. Qualified Domestic Relations Order (QDRO)**
 - a. Created**
 - b. Accepted by the Retirement Plan sponsor (employer)**
 - c. Time intensive**
 - d. Complete prior to the divorce being final**

QUESTIONS AND ANSWERS

The image features the text "Q&A" in a 3D, blocky font. The letters "Q" and "A" are a vibrant red, while the ampersand "&" is a metallic grey. The characters are positioned on a white surface, casting soft, grey shadows that give them a three-dimensional appearance. The overall style is clean and modern.

CONTACT US



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