Sample article for organizations to use to reach customers (805 word count)

Post the following article on your websites and/or use in other communication vehicles to help your customers.

Leaving your job? Consider these options for your retirement plan balance

If you're leaving your job and you have a retirement plan (other than a defined benefit (pension) plan), you generally have four options for your account balance:

1. Leave your money in the plan

You may want to keep the balance in your old plan, especially if:

- you like the plan's investment options,
- the plan has low fees, or
- you want to move the balance to a new employer's plan later.

If your account balance is less than $5,000, your employer may require you to move it. In this case, consider rolling it over to your new employer's plan or to an IRA.

2. Rollover to a new employer's plan

Check if your new employer's retirement plan allows you to move the balance from your old plan into the new plan. You should also consider the following:

- Does the new plan have better investment options?
- How do the new plan's fees compare to that of the old plan?
- Is it better for you to consolidate your retirement savings into one plan so you have fewer accounts to track?

3. Withdraw the balance

You can withdraw your balance by requesting a lump-sum distribution. However, you:

- will likely have to pay income tax on any previously untaxed amount that you receive, and
- may have to pay an additional 10 percent early distribution tax if you aren't at least age 55 (59½, if from a SEP or SIMPLE IRA plan). If your withdrawal is from a SIMPLE IRA plan within two years of your first participation in the plan, the additional early distribution tax is 25 percent.

If you withdraw your balance, you can always decide to roll it over to a new employer's plan or to an IRA within 60 days of receiving the distribution. The IRS may waive the 60-day rollover requirement in certain situations if you missed the deadline because of circumstances beyond your control.
(See FAQs: Waivers of the 60-Day Rollover Requirement)

4. Rollover to an IRA
You can roll over the old plan's balance to a traditional or a Roth IRA. Most IRAs offer a wide range of low-cost investment options. By rolling over your plan balance to an IRA, you can consolidate all your investments into one account and track them more easily.

If you roll over to a Roth IRA, you must include the untaxed amount in your gross income for the year in which you do the rollover. Withdrawals from a Roth IRA could eventually be tax-free if you meet certain conditions.

How to roll over the balance to a new plan or an IRA?
There are two ways to move your old plan's balance to a new plan or to an IRA. You can:

- ask the old plan's trustee to directly transfer the balance to your new plan or an IRA, or
- request a lump-sum distribution of the balance from the old plan and then deposit it into the new plan or IRA within 60 days or qualify for a waiver of the 60-day rollover requirement.

The old plan usually withholds 20 percent for federal income taxes from the distributed amount, so unless you make up the withheld amount when you deposit the distribution into the new plan or IRA, you:

- must include the withheld amount in your gross income in the year the distribution was made, and
- may owe an additional early distribution tax on the withheld amount.

If your distribution includes property, you can either roll over the property to the new plan or IRA or sell the property and roll over the proceeds. In either case, you must deposit into the new plan or IRA within 60 days of receiving the distribution or qualify for a waiver of the 60-day rollover requirement.

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NOTE TO EDITOR: Below are helpful resources on retirement plans and IRAs on IRS.gov.

- Rollovers of retirement plan and IRA distributions – explains the type of distributions that can be rolled over, types of plans and IRAs that may accept rollovers and tax consequences.
- Types of retirement plans – highlights the features of common types of employer-sponsored retirement plans.
- Individual retirement arrangements (IRAs) – includes a side-by-side comparison of common features of traditional and Roth IRAs.
- Retirement Plans Frequently Asked Questions (FAQs) – answers many commons questions about IRAs and employer-sponsored retirement plans.
- Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) –describes how distributions from traditional and Roth IRAs are taxed.

On Twitter? Send these Tweets:

- Get tips on how to take responsibility for your #retirement savings http://go.usa.gov/4zzd #IRS
- Learn how changes in your life may affect your #retirement savings http://go.usa.gov/4ztz #IRS