## 2022 · SHOULD I ROLL OVER MY DORMANT TRADITIONAL 401(K)?





## **Start Here**

After reviewing your Now consider if any of Summary Plan Description You have a 401(k) loan. these scenarios might None applies. Your account holds and investment options, apply to your situation: If rolled over, the balance of company stock. There may are you satisfied that your the loan should be repaid be special tax benefits plan is well-managed and by the due date of your tax utilizing Net Unrealized meeting your needs? return for the year you left Appreciation options. You want the option to your employer (including contribute to this account extensions). in the future. Yes No You could simplify the You are taking an RMD or Consider rolling the will soon reach your RMD process by consolidating company stock into a You can only contribute Consider rolling the 401(k)s and IRAs. age (72). taxable brokerage account to an active 401(k) 401(k) into an active to minimize taxes. account. 401(k) or IRA. Consider rolling the Substantially Equal Consider leaving your Now consider if any of 401(k) into an active Periodic Payments. You You will pay ordinary account where it is. these scenarios might 401(k) or IRA. may be able to elect a income tax on the basis of apply to your situation: series of withdrawals from the shares (and a 10% your 401(k). penalty if under 59.5). You are over the age of 59.5 and want income. You left your employer at Consider making this the age of 55 or older (50 if Distributions are taxable as You are younger than 59.5 election if allowed under in public service). ordinary income but there and want income. your plan, or rolling the is no 10% penalty. Distributions from a 401(k) 401(k) into an IRA to make or IRA are taxable as the election. ordinary income but there Consider these four options: Rollover to an IRA. is no 10% penalty. Distributions from an IRA Consider leaving the assets Hardship withdrawal. This are taxable as ordinary feature is only available if at the 401(k) as you may income and may be subject rolled into an active 401(k) qualify for a "separation Take a loan. Loans are not to a 10% penalty. account and only applies to from service" distribution. available from dormant qualifying expenses. 401(k) accounts. Consider rolling the 401(k) Consider rolling the 401(k) into an active 401(k) account Distributions are taxable as Distributions are taxable into an active 401(k) that ordinary income and may as ordinary income but that allows for hardship allows for loans. be subject to a 10% penalty. there is no 10% penalty. withdrawals.