IRA Rollover Disclosure

The assets in your employer's retirement plan may by the largest sum of money you have ever accumulated. A recommendation to rollover plan assets to an IRA rather than keeping assets in a previous employer's plan or rolling over to a new employer's plan should reflect consideration of various factors, the importance of which will depend on your individual needs and circumstances.

Distribution options

A plan participant leaving an employer typically has four options (and may engage in a combination of these options):

- Leave the money in your former employer's plan, if permitted.
- Rollover the assets to your new employer's plan, if one is available and rollovers are permitted.
- Rollover to an IRA; or
- Cash out the account value

Some of the factors to consider

Investment Options:
Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.

- Employer retirement plans generally have a more limited investment menu than IRAs which, depending on your IRA provider, may have very few limitations.
- Employer retirement plans may have unique investment options not available to the public such as previously closed funds, employer securities or stable value investment funds.
- Because of the buying power of the pooled assets in your employer's retirement plan, you may have access to investment options that might otherwise be inaccessible because of high minimum investment requirements.

Managing your investment costs:
All investments have costs associated with them whether in an IRA or your employer's retirement plan. Investment-related expenses may include sales loads, commissions, the expense of any mutual funds in which assets are invested and investment advisory fees. Plan fees typically include plan administrative fees (e.g., recordkeeping, compliance, trustee fees) and fees for services such as access to a customer service representative. In some cases, employers pay for some or all of the plan's administrative expenses. An IRA's account fees may include, for example, administrative, account set-up and custodial fees.

- If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
- You should determine whether you can continue to invest in the same mutual fund share classes in an IRA as you did in your employer's plan and whether there are any other special programs or benefits available to you as a result of your investments in the plan.

- Depending on the type of investment structure available in an IRA, you may be able to pay an annual asset based fee rather than transactional fees on each investment.
- You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.

Availability of advice:
An investor may wish to consider the different levels of service available under each option. Some plans, for example, provide access to investment advice, planning tools, telephone help lines, education materials and workshops. Similarly, IRA providers offer different levels of service, which may include full brokerage service, investment advice, and distribution planning.

An IRA may offer you access to advice and services that may not be available in your employer's retirement plan.

- If you are not comfortable making investment decisions without professional assistance, you should consider whether your employer's retirement plan offers enough assistance for your needs.
- If you want a professional to be able to consider all of your assets including those from the plan holistically, in a financial planning context, you may want to consider an IRA provider.
- Note that the investment options in your employer's retirement plan are required to be selected and monitored by a plan fiduciary. If you want to obtain fiduciary investment advice on the IRA assets, you should consider IRA providers that offer those services.

Accessing your assets:
Withdrawals

- It may be easier to access assets in an IRA than in your employer's plan, which may have restrictions on your ability to access assets before retirement age.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses, or the purchase of a home.
- Another exception to the 10% early distribution is "72(t) payments" which permit annual distributions based on life expectancy. Employer plans may not always provide for 72(t) payments.
- If an individual separates from service during or after the calendar year in which he/she attains age 55, distributions from the employer's plan (but not IRAs) are exempt from the 10% early distribution penalty.
- Required Minimum Distributions (RMDs) must be taken from traditional IRAs beginning at age 70 1/2. RMDs do not have to be taken in qualified plans until the later of age 70 ½ or retirement.
- Once you terminate employment, you may not be able to take a loan from your employer's retirement plan since most do not permit loans to inactive employees. Loans are not available from IRAs.

Managing administrative fees:
Both IRAs and employer retirement plans have administrative costs associated with them. You may need to do some research to be able to compare them:

IRAs

- Many IRA providers charge an annual account fee to cover tax reporting, required minimum distribution calculations and other account services.
- You can usually pay IRA administrative fees with non-retirement assets to maximize the amounts that can continue to grow in the IRA.

Employer Plans

- Your employer may be paying the administrative expenses for its retirement plan. If not, you are paying for employer retirement plan administrative fees that may include recordkeeping for the plan, legal fees, accounting fees, plan communications and other miscellaneous expenses either through deductions from your account or higher investment costs.
- You should determine whether your employer's plan imposes different fees on terminated employees that you are not used to paying. For example, some companies pay administrative expenses only for active employees, meaning once you terminate employment, you may be charged with these expenses.

Protecting assets from creditors

- Generally speaking, plan assets have unlimited protection from creditors under federal law, while IRA assets are protected in bankruptcy proceedings only. State laws vary in the protection of IRA assets in lawsuits.

These are examples of the factors that may be relevant when analyzing available options and the list is not exhaustive. Other considerations also might apply to your specific circumstances.

Important information about Advisory & Brokerage Services

Advisory services are offered through MIAI, Inc. Securities are offered through Maplewood Investment Advisors, Inc., Member of FINRA and SIPC. MIAI, Inc. and Maplewood Investment Advisors, Inc. are affiliated.

Maplewood Investment Advisors, Inc. is a full services firm and an IRA provider. There are many IRA providers offering varying degrees of service from self-service online to discretionary investment management. Your individual situation is unique and you should speak to your personal tax and legal advisors before making a decision about your employer's retirement plan.

Neither Maplewood Investment Advisors, Inc./MIAI, Inc., nor any of its employees provide tax or legal advice. Please consult with your tax and legal advisors regarding your personal circumstances.