

Retirement Account Rollover Checklist – Analysis of Benefits and Potential Drawbacks

Name: _____ Date: _____

I. CAN THE PLAN DISTRIBUTION BE ROLLED OVER?

Each plan may include a specific provision which triggers distribution eligibility.
Common events include:

	Yes	No	N/A
Age 59 ½ or over			
Separation from Service			
Death			
Portability			

If any are answered yes – please continue.

II. SHOULD THE DISTRIBUTION BE ROLLED OVER?

Reasons for distributions not to be rolled over:

	Yes	No	N/A
RMD's			
72(T) Payments			
Hardship Withdrawal			
Payable to Non-Spouse Beneficiary			
Correction to Excess Contribution or Deferral			
Deemed Payment			
Dividends on Employer Securities			

If any were answered yes – please be advised this could be treated as an excess contribution in the receiving IRA – and if it is not corrected in a timely manner, it would be subject to a 6% annual penalty.

III. BEST POSSIBLE CONSIDERATIONS FOR YOUR RETIREMENT FUNDS:

OPTION 1 – TAKE THE MONEY NOW

(a) Net Unrealized Appreciation (NUA)

Does the lump sum from your company plan include a highly appreciated company stock or bond?

Yes	No	N/A

Under a special tax rule, you may withdraw any highly appreciated company stock, or bond, from the plan and pay regular income tax on only the original cost (basis) to the plan – and not on what the shares are worth on the date of the distribution.

The difference is the Net Unrealized Appreciation (NUA). In addition, you may elect to defer the tax on the NUA until you sell the stock – the tax would then only be based on your current long term capital gains rate.

Finally, the NUA tax break is lost if the stock is already rolled into an IRA.

(b) 10 Year Averaging

Was the plan participant born before 1936?

Was the distribution already previously rolled over?

Did any part of lump sum distribution come from plan participation prior to 1974?

If answered yes above, would you need most of the money now for living expenses, medical, or other pressing bills?

Yes	No	N/A

Using 10-year averaging, a 20% capital gains rate can be used for any portion of lump-sum distribution that comes from plan participation before 1974.

OPTION 2 – STAY WITH THE COMPANY PLAN

(c) Still Working Exception

Do you want to delay RMD's as long as possible?

Do you want to keep working for company as long as possible?

If yes, do you own more than 5% of the company?

Yes	No	N/A

(b) Plan – Only Exceptions to the 10% Penalty

Do you plan to take distributions between age 55 and prior to age 59½?

Are you a federal, state, or local public safety employee in a defined benefit or contribution plan – and plan to take distributions anytime between age 50 and 59½?

Yes	No	N/A

(c) Federal Creditor Protection

Does your state law have little or no creditor protection?

Yes	No	N/A

(d) Plan Life Insurance

Is Life Insurance included in your current company plan?

Is this the only life insurance you can currently qualify or pay for?

Yes	No	N/A

OPTION 3 – GO WITH AN IRA ROLLOVER

	Yes	No	N/A
(a) Would you like your spouse or beneficiary to be able to rollover funds to their own Traditional or Roth IRA?			
(b) Do you want the most flexibility to consider any full or partial Roth IRA conversion?			
(c) Do you prefer avoiding the once per year 60-day deadline to self-direct retirement plan monies received directly?			
(d) Do you want to avoid any possible automatic 20% Federal Withholding Tax on any distributions?			
(e) Would you prefer the ability for beneficiaries to stretch their inherited IRAs over their life expectancies?			
(f) Would you like the flexibility to name any combination of beneficiaries, including a trust beneficiary – depending on your own unique estate planning needs?			
(g) Do you prefer having more diversified investment options in order to customize your allocations according to your own unique personal goals?			
(h) Do you like having the ability to make faster investment changes?			
(i) Do you prefer having option to consolidate other retirement accounts in the same place?			

CONCLUSION

The above factors were considered based on my information provided. No changes in distributions, investments, lump sums, or rollovers, have been made or recommended prior to the date listed below.

Based on our review of my best options, I've elected ___ to ___ not to further exercise my most suitable rollover strategy based on my unique long-term goals – regardless if I live long, die soon, or ever become disabled.

Client Name

Signature

Date

Spouse Name

Signature

Date

Advisor Name

Signature

Date