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10 ADVANTAGES OF

RETIREMENT CONSOLIDATION

Not sure what to do with your retirement assets from a previous employer's plan? Review the pros and cons of consolidating into your current employer's retirement plan versus an individual retirement account (IRA).

1. LOWER COST MUTUAL FUNDS

Since the retirement plan has all the money pooled, your plan may be eligible for lower cost versions of most mutual funds. Cost savings with institutional share classes can be considerable and can have significant impact on your account.

2. AVAILABILITY OF BETTER OVERALL FUND CHOICES

Many of the low expense mutual fund share classes available to investors outside of retirement plans have minimum investment requirements more than \$100,000. Some are \$1 million or more. As a result, the average retirement plan participant who rolls a balance into an IRA may not have access to certain investments and/or will often end up investing in one of the more expensive retail share classes.

3. INVESTMENT OVERSIGHT

In a 401(k) or 403(b) plan (and even many 457 plans), both the employer and the plan's investment advisor may be required to be a fiduciary. This means that investment decisions they make must prioritize their clients' interests over their own. This is the golden rule of fiduciary behavior and if not explicitly followed can lead to heavy economic impact to those organizations.

4. SOME INVESTMENT CHOICES ARE NOT AVAILABLE IN IRAS

While money market funds are available to IRA investors, they do not have access to stable value funds or some guaranteed products that are only available in qualified plans. Historically money market fund yields have often been below that of stable value or guaranteed interest fund rates.

5. SOME IRA'S CAN CONTAIN TRANSACTION FEES

Many IRA providers require buy/sell transaction fees on purchases and sales. Company-Sponsored Retirement plans typically have no such transaction costs.



6. QUALIFIED RETIREMENT PLANS OFFER GREATER SECURITY FROM CREDITORS

Retirement plan account balances are shielded from attachment by creditors if bankruptcy is declared. In addition, retirement balances typically cannot be included in any judgements (with the exception of divorce).

7. THE BEHAVIORAL ADVANTAGE: REDUCING THE INVESTOR'S OBLIGATIONS

When accounts are consolidated in one, investors will only make decisions for the consolidated account. For example, most financial advisors recommend rebalancing your account annually. With multiple accounts, investors would have to ensure each of the individual account's portfolio is properly balanced. Consolidating to one account saves time and headache.

8. EASE OF MANAGEMENT AND DISTRIBUTION PLANNING

It is easier and more convenient to track investment selections, performance, and statements if the funds are in one account instead spread across multiple old 401(k) accounts and IRAs. Taking distributions is much more complex and arduous when you have to pull from several account's vs one centralized retirement account. Consider simplifying the process and save time by consolidating your past accounts into one.

9. CONVENIENCE AND CONSISTENCY

The convenience of payroll deductions is very helpful for consistent savings. There is no need for extra steps; the 401(k) contribution can automatically deducted for your paycheck and with the consistent contributions you can take advantage of dollar cost averaging. Dollar cost averaging is a great idea to ensure the reduction of overall impact of volatility on the price of the investment

10. SAVE MORE FOR RETIREMENT WITH HIGHER CONTRIBUTION LIMITS.

Contribution limits may allow you to make a substantially larger contribution to many retirement plans than you can save with an IRA. Although personal circumstances may vary, it may be a good idea for you to rollover your balance in a former employer's retirement plan into your current employer's plan rather than an IRA. Your savings potential may not be as limited as with an IRA.

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