Which rollover is right for you?

A wide assortment of savings plans exist to help you save money for retirement income needs. Generally, the two main types of savings accounts available are retirement plan accounts and individual retirement accounts (IRA). While both account types provide tax deferred savings, there are many differences.

When you retire, obtain age 59 ½ while still employed, or leave your current place of employment, you must make a critical decision regarding what to do with your current retirement investments. The information contained in this brochure provides you with basic information on the differences between certain retirement accounts; rollover options for your existing retirement accounts; and some of the advantages and disadvantages of rollover choices.

Remember, investing involves risks. You should always seek professional financial, tax and legal advice before making any investment decisions.

How are plan accounts different than individual retirement accounts?*

Differences	Retirement Plan	Individual Retirement Account (IRA)
Definition	Most retirement plans allow you and your employer to place money in an account for retirement savings. Employers perform many tasks to help ensure plan accounts receive favorable tax treatment.	An individual retirement account (IRA) is owned exclusively by you so all decisions relating to administering and investing in this account are made by you.
Investment selection and monitoring	Plan fiduciaries are responsible for selecting and monitoring investment options in the best interest of the participant.	Individual is solely responsible for selecting and monitoring investments.
Investment choices	Choose from employer-selected investment options	Choose from nearly unlimited investment options
Acceptance of rollovers	May or may not accept rollovers from previous employers' plans or other qualified accounts.	IRAs will generally accept rollovers from an employer plan or another IRA.
Fees	Plans may offer low-fee investments through institutional pricing.	IRA providers generally offer retail mutual funds and reserve less costly share classes for individuals with large balances.
Fee disclosure	Generally, subject to Department of Labor regulations regarding disclosure of fee information so that understanding and comparing fees may be easier for participants	Not subject to regulations regarding disclosure of fee information, but the U.S. Securities and Exchange Commission (SEC) requires certain disclosures in individual mutual fund prospectuses and summary prospectuses.
Fee payment	Many plans absorb the cost of administrative and other non-investment fees.	Investor generally pays administrative costs and fees.
Access to funds before retirement	Plans may allow non-taxable pre-retirement loans for certain reasons or hardship distributions but generally restrict distributions prior to separation.	No pre-retirement loans but taxable distributions may be taken for any reason.
Tax liabilities	Distributions taxed as income unless rolled over and, for other than direct rollovers, mandatory 20 percent withholding from the distributions for tax purposes.	Distributions taxed as income unless rolled over, but no mandatory withholding.

***Information obtained from U.S. Government Accountability Office (GAO) report GAO-13-30 dated March 2013**

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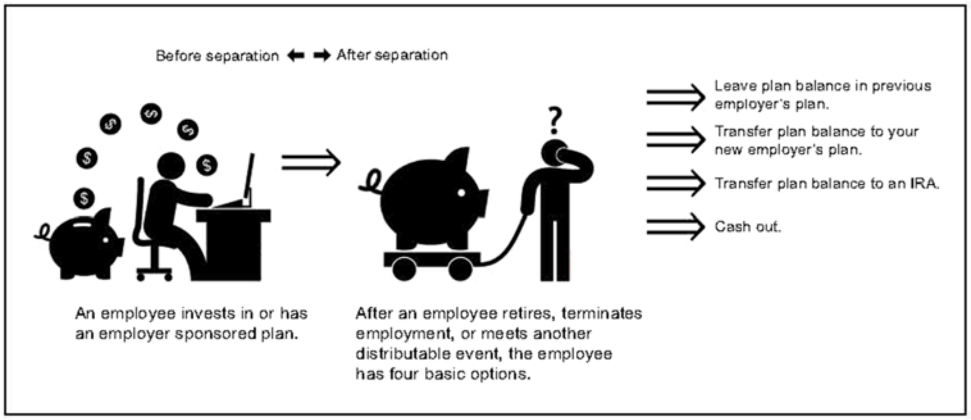
What are my choices?

In most, if not all, circumstances you have four choices:



What are some of the advantages and disadvantages that I should consider?

	Advantages	Disadvantages
Leave plan balance in the previous employer's plan[1]	• Retain tax preferred status • Investment expenses may be less • Access to plan investment options • Investments monitored by Auburn Retirement Committee	• Balance is subject to plan rules • Distribution options may be limited • Investment selection may be limited • Investment monitoring may be limited
Transfer plan balance to your new employer's plan "direct rollover"[2]	• Retain tax preferred status • Investment expenses may be less • Access to plan investment options • Fiduciary responsible for available investments	• Balance is subject to plan rules • Distribution options may be limited until balance is distributed from the plan • Investment selection may be limited
Transfer plan balance to an IRA	• May retain tax preferred status • Large number of investment options to choose from • Greater flexibility of distribution timing	• Investment expenses may be greater • May lose tax preferred status
Cash out	• Plan balance is immediately available	• Pay tax on the entire distribution amount

How can I obtain additional information?

This is an important decision! Additional information is available in the Special Tax Notice related to your plan, provided by the Auburn University Benefits Office, or your retirement plan vendor. Auburn University does not guarantee the results of any investment information and you are encouraged to obtain independent financial, legal, or tax advice.

Local advisors with Johnson+Sterling, Inc. are available to answer questions regarding your rollover options. You can reach Johnson Sterling, Inc. via e-mail at auburn@johnsonsterling.com or phone 334-887-5533 and 800-451-6861.

[1] *Some plans automatically distribute plan balances under $1,000 to separating participants. 29 CFR 2550.404a-2*

[2] Not all plans accept rollovers from other plans. For detailed information on rollover eligibility for different plans, see http://www.irs.gov/pub/irs-tege/rollover_chart.pdf. In some circumstances plan participants may choose a combination of options, such as leaving a portion of assets in the plan and taking a partial distribution.

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