

L.M. Kohn & Company

ERISA 401(K) / 403(B) / Any Employer Sponsored Retirement Plans Account Rollover Suitability Checklist

Section 1 - Client Information

Client Name: _____ SSN: _____ DOB: _____

Account # or Name of IRA Custodian that you are transferring to: _____

Client is: retired employed with another company self-employed not employed

*Staying with an ERISA plan may avoid the RMD's at age 70 ½.

Client plans to convert to Roth IRA Yes No

Section 2 - Plan Information

Name of Employer Sponsored Plan: _____

Will employer stock be transferred in-kind? Yes No If yes, provide amount of appreciation. _____

Will the client be consolidating accounts? Yes No

Does the Plan permit former employees to stay in the plan? Yes No

If yes, the Plan provides access to: (check all that apply) investment advice portfolio management
 planning tools educational materials workshops telephone help line

Is the client eligible to rollover into a new plan? Yes No

If yes, the Plan provides access to: (check all that apply) investment advice portfolio management
 planning tools educational materials workshops telephone help line

The IRA range of investment options will be: smaller about the same broader than the range of investment options in the plan.

Section 3 - Client Income Needs Information

Likelihood client would need to take penalty free withdrawals from a plan for qualified higher education expenses, health premiums while unemployed or as a first time homebuyer: not applicable not likely possibly very likely

Likelihood client would need to take a loan from a plan: not applicable not likely possibly very likely

Likelihood client would need asset protection from creditors: not applicable not likely possibly very likely

Likelihood client would need to utilize the rule 72-T substantially-equal-periodic-payment exception:

not applicable not likely possibly very likely

Will the client be utilizing customized stretch beneficiary options or restricted beneficiary options? Yes No N/A

Additional information regarding reason to rollover to an IRA _____

Section 4 - Rollover Type Information

Will this be a direct trustee to trustee transfer? Yes No (check is payable to the client)

If no, has the client had an IRA rollover in the last 12 months? Yes _____ what date? No

Rollover to beneficiary due to death of owner? Yes No

I affirm that my Registered Representative has reviewed with me "The IRA Rollover, Making a Sound Decision Disclosure". I also affirm that I have read and understand it.

Client Signature _____

Date _____

Advisor Signature _____

Date _____

Advisor Name (Printed) _____

Rep Number _____

OSJ Signature _____

Date _____

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The IRA Rollover, Making a Sound Decision

If you are considering rolling over money from an employer plan into an IRA follow these tips to decide whether an IRA rollover is right for you.

1. **Evaluate your transfer options.** You generally have four choices. You can usually keep some or all your savings in your former employer's plan (check with your benefits office to see what the company's policy is). You can transfer assets to your new employer's plan, if allowed (again, check with the benefits or human resources office). You can roll over your plan assets into an IRA. Or you can cash out your balance. There are pros and cons to each, but cashing out your account is rarely a good idea for younger individuals. If you are under age 59½, the IRS generally will consider your payout an early distribution, meaning you could owe a 10 percent early withdrawal penalty on top of federal and applicable state and local taxes.
2. **Minimize taxes by rolling Roth to Roth and traditional to traditional.** If you decide to roll over your retirement plan assets to an IRA, you can choose either a traditional IRA or Roth IRA. No taxes are due if you roll over assets from a traditional plan to a traditional IRA, or if you roll over your contributions and earnings from a Roth plan to a Roth IRA. But if you decide to move from a traditional plan to a Roth IRA, you will have to pay taxes on the rollover amount you convert. It's a good idea to consult with your plan administrator, as well as financial and tax professionals about the tax implications of each option.

Tip: Special Treatment of Employer Matches in Roth Plans

The IRS requires that any employer match of contributions made to a Roth plan be placed in a pre-tax account and treated like matching assets in a traditional plan. To avoid taxes when rolling over a Roth plan that includes matching contributions from your employer, you will need to request the transfer of your contributions and earnings to a Roth IRA and your employer's matching contributions and earnings to a traditional IRA.

3. **Think twice before you do an indirect rollover.** With a direct rollover, you instruct your former employer to send your 401(k) assets directly to your new employer's plan or to an IRA—and you never have to handle the money yourself. With an indirect rollover, you start by requesting a lump-sum distribution from your plan administrator and then take responsibility for completing the transfer. Indirect rollovers have significant tax consequences. You will not get the full amount because the plan is required to withhold 20 percent to ensure that taxes will be paid if the rollover is not completed. You must deposit the funds in an IRA within 60 days to avoid taxes on pretax contributions and earnings—and to avoid the potential of an additional 10 percent tax penalty if you are younger than 59½. If you want to defer taxes on the full amount you cashed out, you will have to add funds from another source equal to the 20 percent withheld by the plan administrator (you get the 20 percent back if you properly complete the rollover).
4. **Be wary of "Free" or "No Fee" claims.** Competition among financial firms for IRA business is strong, and advertising about rollovers and IRA-related services is common. In some cases, the advertising can be misleading. FINRA has observed overly broad language in advertisements and other sales material that implies there are no fees charged to investors who have accounts with the firms. Even if there are no costs associated with a rollover itself, there will almost certainly be costs related to account administration, investment management or both. Don't roll over your retirement funds solely based on the word "free."
5. **Realize that conflicts of interest exist.** Financial professionals who recommend an IRA rollover might earn commissions or other fees as a result. In contrast, leaving assets in your old employer's plan or rolling the assets to a plan sponsored by your new employer likely results in little or no compensation for a financial professional. In short, even if the recommendation is sound, any financial professional who recommends you move money from an employer-sponsored retirement plan into an IRA could benefit financially from that move.

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The IRA Rollover, Making a Sound Decision

6. **Compare investment options and other services.** An IRA often enables you to select from a broader range of investment options than available in an employer plan, but might not offer the same options your employer plan does. Whether the IRA options are attractive will depend, in part, on how satisfied you are with the options offered by your current or new employer's plan. Some employer plans also provide access to investment advice, planning tools, telephone help lines, educational materials and workshops. Similarly, IRA providers offer different levels of service, which may include full brokerage service, investment advice and distribution planning. If you are considering a self-directed IRA, consider the tradeoffs.
7. **Understand fees and expenses.** Both employer-sponsored plans and IRAs involve investment-related expenses and plan or account fees. Investment-related expenses can include sales loads, commissions, the expenses of any mutual funds in which assets are invested and investment advisory fees. Plan fees can include administrative costs (recordkeeping and compliance fees, for instance) 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. IRA account fees can include administrative, account set-up and custodial fees, among others. Before making a rollover decision, know how much you are currently paying for your plan. Compare that to the fees and expenses of a new plan or IRA. For more information about 401(k) fees, see the Department of Labor's publication, *A Look at 401(k) Plan Fees*. For IRA fees, ask your financial professional to provide you with information about fees and expenses, and read your account agreement and any investment prospectuses.
8. **Engage in a thoughtful discussion with your financial or tax professional.** Don't be shy about raising issues such as tax implications, differences in services, and fees and expenses between retirement savings alternatives. If your financial professional recommends that you sell securities in your plan or purchase securities in a newly opened IRA, ask what makes the recommendation suitable for you. As with any investment, if you don't understand it, don't buy it.
9. **Age matters.** If you leave your job between age 55 and 59½, you may be able to take penalty-free withdrawals from an employer-sponsored plan. In contrast, penalty-free withdrawals generally are not allowed from an IRA until age 59½. Once you reach age 70½, the rules for both traditional employer plans and traditional IRAs require the periodic withdrawal of certain minimum amounts, known as the required minimum distribution (RMD). The RMD rules also apply to Roth 401(k) accounts. However, the RMD rules do not apply to Roth IRAs while the owner is alive. If you are still working at age 70½, however, you generally are not required to make required minimum distributions from your current employer's plan. This may be advantageous for those who plan to work into their 70s.
10. **Assess the tax implications of appreciated company stock.** Some retirement plans feature company securities (such as stocks, bonds or debentures)—and, as with earnings on other investments, any increase in their value will typically be subject to ordinary income tax when you withdraw the securities from the plan. But if you're considering a distribution of company stock or securities when you leave the company, be aware that special IRS rules might allow you to defer paying taxes on the appreciation (which the IRS calls "net unrealized appreciation"). Consult your plan administrator and financial and tax professionals about tax scenarios related to appreciated company securities.

The decision to move your retirement nest egg or stay put is an important one. In many cases, you don't have to act immediately upon switching jobs or retiring. Take the time to assess your options. Ask questions and do your homework to determine what is best for you.