Leaving a job? Know your 401(k) choices:

1. Cash It Out
2. Leave It Alone
3. Roll It Over To a New 401(k)
4. Roll It Over To an IRA

Consider the options – a smart decision now can pay big dividends later.

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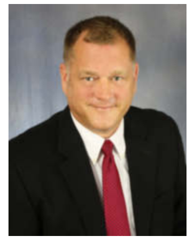

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FINANCIAL NEWS YOU CAN USE

LEAVING YOUR JOB? DON'T FORGET YOUR 401(k)

Statistically speaking, you might not be in your current position for long. According to recent figures, U.S. workers average less than five years at each job.[1] Luckily, your 401(k) plan is portable, so you'll have options if you leave your company. Here's a quick look at what you could do with your retirement account.

1. CASH IT OUT.

It's tempting – and all too common – to withdraw all the money in your 401(k) plan when changing jobs, but this is almost always a poor decision. If you're younger than 55, you'll likely have to pay income tax and a 10 percent early withdrawal penalty, eliminating a large chunk of your savings. Worse, you'll lose any earnings the money could have generated. For example, taking $10,000 out of your 401(k) instead of rolling it over into an account receiving 8 percent tax-deferred earnings could leave your retirement fund more than $100,000 short after 30 years.[2]

2. LEAVE IT ALONE.

If your account exceeds the minimum required amount, most companies let you keep your retirement savings in their 401(k) plan after you leave. However, you won't be able to make additional contributions. This option allows the savings to grow until you reach retirement age or move the funds to a new 401(k) or Individual Retirement Account (IRA) at any time. However, account holders often fail to keep up with their 401(k) funds after leaving a company.

3. ROLL IT OVER TO A NEW 401(K).

Putting all your retirement savings into one 401(k) plan makes it easier to track your money's performance. However, take a close look at your new employer's plan before deciding to roll your assets over, as they can vary widely between companies. Make sure the new plan has plenty of investment choices, including the options you prefer, and that the accompanying fees aren't too high.

4) ROLL IT OVER TO AN IRA.

For a more hands-on approach to retirement planning, you can roll your 401(k) assets into an IRA. This gives your money the potential to grow tax-deferred, as it did in your traditional 401(k), and often means access to a wider variety of investment options. Be sure to research IRA fees and expenses when selecting a provider, as they can vary greatly. It's generally better to do a direct rollover, where funds are sent straight from your 401(k) into an IRA without you touching them. Indirect rollovers, where you request a lump-sum contribution and take responsibility for the IRA transfer, have significant tax consequences.

In addition to comparing the investment options, fees and level of service for each individual plan you're considering, consider your age. Leaving a job in the year you turn 55 or later allows you to withdraw from your 401(k) without incurring a 10 percent early withdrawal penalty. If you roll over the money into a new IRA or 401(k), you'll have to wait until you're 59½ to avoid the penalty.

Although the process can be confusing, leaving a job is a great time to re-evaluate your retirement plan. Try to relax, focus on your retirement goals, and work with your financial advisor to decide what makes the most sense for you.

[1] "Typical U.S. Worker Now Lasts 4.6 Years on Job," MarketWatch.com. January 12, 2014.
[2] www.finra.org/investors/401k-rollovers

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