

Layoffs mean 401k rollovers, but how?

Most are confused and intimidated when it comes to thinking about a 401k rollover. There are a few things that need to be considered when doing a 401k rollover. A few points are listed below for doing a 401k rollover.

Do a "trustee-to-trustee" transfer.

- * A trustee-to-trustee transfer means the check is made to new institution you are setting up your IRA with.
- * When you do a trustee-to-trustee transfer there is no limit to the amount of transfer you can do.
- * If you do what is called a "60 day rollover" you are limited to only ONE per year

60 day rule.

- * This applies when the check is made out to you.
- * There will be a mandatory 20% tax withholding.
- * You MUST have the funds in a IRA within 60 days from the receipt of the funds. There are no exceptions.
- * Funds not deposited within 60 days are considered income and subject to tax and penalty.

Reasons to leave it in a company plan

- * There is an exemption of the 10% early distribution penalty if you are at least 55 in the year of separation.
- * Loan provisions

You can do these things yourself but, there are 401k rollover specialists that will assist you. You never should have to pay an advisor to do the 401k rollover. There may be a fee to manage the assets but not to do the transfer.

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