

WHAT TO DO WHEN YOU LEAVE YOUR JOB

When leaving your job one of the most frequent questions employees have is:

“WHAT SHOULD I DO WITH MY 401(k) BALANCE?”

First, the answer is: “Do not panic.” You do not have to make an immediate decision. Your options can be summed up in three general categories:

1. Rollover your 401(k) balance to either your new firm’s 401(k) plan or to an IRA
2. Keep your plan balance in the 401(k) plan
3. Take a lump-sum distribution in the form of a check

Of the three options above, the third is usually the least preferred since you will have to pay taxes, and likely penalties, costing you potentially upwards of 40% of your balance.

Instead, consider rolling over your 401(k) balance into your new employer’s 401(k) plan or an IRA. This avoids taxes and penalties, allows you to have greater control over your funds, and keeps your retirement savings consolidated.

You can leave your balance in your old employer’s 401(k) plan, but there are sometimes rules on maintaining a certain balance to stay in the plan. As well, your old employer will have a difficult time keeping your contact information up to date. For these reasons, rolling your balance out is normally the preferred choice.

If you're unsure about any of these options, contact R.J. or Paula today.



Raymond James (R.J.) Reibel
Financial Advisor, Retirement Benefits,
Director
804.337.3066
raymond.reibel@carystreetpartners.com



Paula M. Burrichter, CFP®
Client Relationship Manager,
Retirement Benefits
804.616.3404
paula.burrichter@carystreetpartners.com

Cary Street Partners is the trade name used by Cary Street Partners LLC, Member FINRA/SIPC; Cary Street Partners Investment Advisory LLC and Cary Street Partners Asset Management LLC, registered investment advisers. These materials are furnished for informational purposes only. Materials have been compiled from sources believed to be reliable; however, Cary Street Partners does not guarantee the accuracy or completeness of the information presented, or any summaries, conclusions, or opinions based on such information. Such information is not intended to be complete or to constitute all the information necessary to evaluate adequately the consequences of investing in any securities, financial instruments, or strategies described herein. CSP2022122