PENSION & WEALTH MANAGEMENT ADVISORS
IMPROVING FINANCIAL SECURITY

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THE 401(K) OPPORTUNITY MOST INVESTORS MISS

In-Service Distributions

OVERVIEW

Traditionally, participants can take their 401(k) balances with them when they leave a company for a new job or upon retirement. But there is another way for individuals to move their assets out of a retirement plan.

At age 59½, many employees are eligible to take what is called an "in-service" distribution which allows them to ***roll their assets out of the retirement plan, and into an IRA*** where they often have significantly more flexibility in how they are able to manage and invest their assets for retirement.

Employees can take these withdrawals while they are ***still working and continue to participate in their employer's retirement plan***.

This ***"best of both worlds"*** is not well known, but it can be an important tool to assert better control over what is often an employee's largest asset[1,2].

HOW TO INITIATE

It is estimated that ***over 80% of 401(K) and retirement plans allow in-service withdrawals***, though many participants are unaware of the option[3]. Every retirement plan is slightly different, and has different rules based on the employers' preferences and government requirements, so the first step is to determine if the plan allows in-service withdrawals from your plan administrator.

CONSULT WITH A PROFESSIONAL

In-service distributions are an important tool for mature employees with significant retirement assets to neutralize the constraints of their retirement plans. Rolling assets out to a self-directed or professionally managed IRA can provide a broader range of investment options, better tailored portfolios, professional management - and more control over their retirement assets.

Whether these considerations are appropriate depends on individual circumstances, preferences, and risk factors so be sure to seeking guidance from qualified professionals can help determine whether this option is right for you.

[1] Human Interest – "Understanding the Rules for 401(k) Withdrawal After 59½" (humaninterest.com)
[2] Pentegra – "In-Service Distribution Options in Qualified Retirement Plans" (pentegra.com)
[3] Pentegra – In-Service Distribution Options (pentegra.com)

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