

Your Work. Your Money. Your Journey. A Birdseye View

Learn your options with your Rhode Island Defined Contribution Retirement Plan money.



Please note that that participants may not withdraw or rollover funds from their Defined Contribution Plan until termination of employment.

Upon the retirement or termination of your employment, you will have several options for your defined contribution plan with TIAA. These options are explored below.

Important retirement plan decisions can be difficult to make. You don't have to do it alone. Call us—we're here to help.

Please call **617-365-7269** today.

For tax-related issues, consult a tax advisor.

Option 1: Leave your money in the Rhode Island Defined Contribution Retirement Plan

Potential advantages

- Continued opportunity for tax-deferred growth
- Keep money in plan-specific investment options; investment alternatives may include lower-cost, institutional-class products
- Access to plan-specific advice, planning tools and education
- Penalty-free withdrawals permitted if separated from service after age 55
- Potential increased protection from creditors under federal law
- Retirement Plans' \$40 per year administrative fees may be lower administrative fees than other options you are exploring

Issues to consider

- The Retirement Plan has a limited number of investment options
- Withdrawal options may be restricted
- No additional contributions can be made
- Plan may impose limitations (e.g., income distribution or spousal waivers) or plan may be changed by employer (e.g., available investments, fees, services, providers, termination provisions)
- Managing assets across multiple plans or accounts may be difficult

This document is meant to help you identify some important considerations when planning for retirement. There may be other factors you should consider based on your specific circumstances.



Option 2: Move your money directly into an Individual Retirement Account (IRA)

Potential advantages

- Depending on the type of rollover, there may be no income tax or penalties
- Typically a broader range of investment options
- Continued opportunity for tax-deferred growth
- Access to IRA-specific advice, planning tools and education
- Continue to make contributions subject to IRS limits
- Ability to set up periodic and ad hoc withdrawals
- Many IRA providers offer managed accounts, which can provide professional portfolio management tailored to your investment preferences
- Ability to convert to a Roth IRA
- Access to trust services with some IRAs

Issues to consider

- Some investment expenses and account fees may be higher
- Access to plan-specific investments may not be available
- Some IRA investments may include trading-related expenses, including commissions and fees
- May need to liquidate investments before rolling over to an IRA
- Some IRAs may not include an annuity product

Option 3: Move your money directly into your new employer's retirement plan

Potential advantages

- Continued opportunity for tax-deferred growth
- Plan may allow for a loan or hardship withdrawal with no income tax or penalties with a direct rollover
- Penalty-free withdrawals permitted if separated from service after age 55
- Potential increased protection from creditors and legal judgments
- Plan may have lower administrative fees than other options
- Investment alternatives may include lower-cost, institutional-class products
- Access to plan-specific advice

Issues to consider

- New employer's plan may not accept rollovers, so this option may not be available
- Withdrawal options may be restricted
- Typically limited investment choices
- May need to liquidate investments
- Plans may have higher administrative fees (e.g., recordkeeping, compliance or trustee fees) than the \$40 per year for the Retirement Plan
- Plan may offer more expensive investment options, including commissions, than the Retirement Plan
- Plan may impose limitations (e.g., income distribution) or plan may be changed by employer (e.g., available investments, fees, services, providers, termination provisions)

Option 4: Withdraw your money in cash

Potential advantages

- Immediate access to your cash
- Option to specify the amount and frequency of cash you withdrew
- protection from creditors and legal judgments

Issues to consider

- 20% federal income tax withheld; state taxes may also apply
- Distributions will be taxed as ordinary income when you file your taxes
- Potential 10% early withdrawal penalty may apply if you are under age 59½
- Loss of potentially tax-deferred, long-term growth
- 60-day window to roll over before funds are taxed as ordinary income and could incur potential penalties

As a retiree, or someone who has just separated from service, you have many options available for your State of Rhode Island Defined Contribution Retirement Plan. Important decisions can be difficult to make, but you don't have to do it alone.

Please call **617-365-7269** or go to **www.walnutpeakfinancial.com** and scroll down the page to request an appointment with your advisor.

Sourced: ERSRI, TIAA CREF



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