

WHAT TO DO WITH AN OLD 401(K)?

Do you have an old 401(k) from a previous employer? We can assist you in assessing your options so you can make the best decision for your unique needs.

Here are five options for your old 401(k):

1. Transfer to a Shadowbrook IRA Account:

Consolidate your retirement accounts by transferring them to Shadowbrook, where you can continue to benefit from tax-deferred growth potential. We create customized solutions for each client, providing a more comprehensive planning approach.

2. Transfer to a new workplace plan:

If permitted, this option allows you to combine your 401(k)s into one account and continue to benefit from tax-deferred growth potential. The investment options will vary depending on the plan.

3. Stay in your old workplace plan:

If allowed, this option permits you to continue to benefit from tax-deferred growth potential; however, you will no longer be able to contribute to the old plan. The investment options will vary depending on the plan.

4. Cash-out:

If you choose to withdraw money from your 401(k) plan, you will be subject to state and federal taxes, and if you are under 59 1/2 years old, a 10% withdrawal penalty may apply. Moreover, your money will no longer have the potential for tax-deferred growth.

5. Consider a Roth Conversion (when appropriate):

In certain instances, a rollover from a 401k plan to an IRA and then a conversion to a ROTH IRA may be an excellent option for individuals that would like to enjoy the benefits of a ROTH account. We advise that you consider all tax consequences and discuss this with your tax advisor.



For more information on this subject visit [our website](#) where we will explain each option in depth.

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Compare your options

Features & Investments

	Option 1: Roll Over to a Shadowbrook IRA	Option 2: Transfer to a new employer-sponsored	Option 3: Stay in Old Workplace Plan
What investment choices do I have?	Diverse Array of Options There is a diverse array of options available to invest in, including mutual funds, stocks, bonds, ETFs, Alternative Investments, etc.	Available investment options The investment options available to you may be restricted by your plan, and some plans may offer lower-cost investment alternatives.	Differs based on the particular plan The investment alternatives you have access to through your plan may be constrained, and certain plans may provide options with lower costs.
Is it possible to combine my retirement accounts?	Yes To streamline and simplify your finances, it is possible to transfer both your 401(k)s and IRAs to Shadowbrook.	Differs based on the particular plan If your plan permits, it's possible to consolidate your previous and current 401(k) plans, along with an IRA, into one single account.	No If you choose to retain your savings with your previous employer, you won't be able to make additional contributions through payroll or rollovers from an IRA.
Can I still make tax-deferred contributions?	Yes	Yes	No

Fees, Expenses & Taxes

	Option 1: Roll Over to a Shadowbrook IRA	Option 2: Roll Over to New Workplace Plan	Option 3: Stay in Old Workplace Plan
Will any growth be tax-deferred?	Yes	Yes	Yes
If I have appreciated employer stock in my plan, what will happen?	N/A Consolidating and simplifying your financial affairs is possible by transferring your 401(k)s and IRAs to Shadowbrook.	No If permitted by your plan, you have the option to merge your previous and current 401(k)s together with an IRA into one consolidated account.	Your company stock ("Net Unrealized Appreciation") may qualify for a unique tax treatment. It is recommended to seek guidance from your tax advisor to learn more about it.
Will I be charged annual account and maintenance fees?	No There are no annual account or maintenance fees associated with a Shadowbrook IRA (custody through Schwab).	Differs based on the particular plan	Differs based on the particular plan

Loans & Withdrawals

	Option 1: Roll Over to a Shadowbrook IRA	Option 2: Roll Over to New Workplace Plan	Option 3: Stay in Old Workplace Plan
Am I able to take a loan from the account?	No	Differs based on the particular plan	Differs based on the particular plan
Can I withdraw funds penalty-free for qualifying first home purchase or college expenses?	Yes	No	No
Is it possible to withdraw penalty-free at age 55?	No	Yes	Yes

Other

	Option 1: Roll Over to a Shadowbrook IRA	Option 2: Roll Over to New Workplace Plan	Option 3: Stay in Old Workplace Plan
Are my assets safeguarded against creditors?	While federal protection is applicable, state law differs.	Yes	Yes

Option 4, 5

Please consult with your tax professional.

1. Please bear in mind that investing carries risks. The value of your investment may rise or fall over time, leading to potential gains or losses.

Shadowbrook Private Wealth does not offer legal or tax guidance. The information provided here is general in nature and should not be viewed as legal or tax advice. To receive advice tailored to your particular circumstances, seek the assistance of a lawyer or tax professional.

2. A Traditional or Rollover IRA. Contributing to a rollover IRA, in addition to rollover amounts, could decrease the likelihood of being able to transfer to a new employer's plan in the future.

3. Your new employer may require you to wait for a certain period before joining their plan.

4. If you leave the employer who sponsors a qualified employer plan during or after the year you turn 55, you may withdraw funds from the plan without incurring penalties.

5. While IRAs are safeguarded under federal bankruptcy law, creditor protection for IRAs differs by state. For more detailed information, consult a legal advisor.