

How A Little-Known IRS Rule Can Give You a “Jump-Start” Toward Guaranteed Lifetime Income

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Many people believe they need to retire or separate from their current employer to take control of assets in their 401(k), 403(b), 457 plan, or company pension offering. This is NOT necessarily true, however.

I'd like to introduce a financial strategy that may allow you to transfer a significant part of your existing or current retirement account assets to a NEW retirement plan. This new plan can offer an array of increased benefits that includes helping you establish a “personal pension”— well in advance of your actual retirement date. A “personal pension,” or creation of a guaranteed lifetime income stream, is an option that typically is not available in current retirement plan offerings.

ENHANCED OPTIONS

The strategy involves a little-known—yet perfectly legal—provision in IRS rules known as an “in-service distribution” which allows people who have vested balances in employer retirement plans to transfer the vested balance to another qualified retirement plan even if they remain in their current employer’s plan or simply change jobs. Benefits of this distribution include:

CONTROL: You can obtain more control over your assets, free from restrictions of an employer-sponsored plan.

DIVERSIFICATION: A new retirement plan will likely offer investment choices across virtually every asset class, enhancing your opportunity to seek profits in different market sectors and reduce portfolio volatility during times of market turbulence.

BENEFICIARY OPTIONS: Employer-sponsored plans may limit distribution choices for your beneficiaries, whereas

IRAs typically allow non-spouse beneficiaries to “stretch” an inherited IRA over their lifetimes.

TAKE CONTROL

The most common in-service distributions involve employees aged 59½ or older, the required age for penalty-free withdrawals. However, the IRS allows employers to disallow the distribution, if stated in the plan’s written rules. Ask your retirement plan administrator if in-service withdrawals are permitted. The next time you review your 401(k) or other retirement plan statement, ask yourself these questions:

- “Is my portfolio diversified with guaranteed, pension- type assets?”
- “What is my distribution plan for these assets when I retire?”
- “Am I guaranteed not to run out of money in retirement?”

An in-service distribution can provide answers to these important financial questions. But more importantly, it could be the first step in maximizing the use and enjoyment of assets you spent a lifetime accumulating.

I would be pleased to answer any questions you may have about this advantageous strategy that can help you implement an attractive stream of income structured to meet your future needs.

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