IRA Rollovers

When most people think of Individual Retirement Accounts (IRAs), they think of getting *TO* retirement and not getting *THROUGH* retirement.

Truth is, for most people, the tasks can be equally difficult.

Benefits of an IRA Rollover

If you're eligible to receive a retirement plan payout because of an upcoming career shift (either a different job, or retirement), a rollover to an IRA may help you defer income taxes and avoid early withdrawal penalties. Most importantly, you can continue the tax-deferred growth of your retirement account, meaning more to work with as you age.

Avoid 60-Day Rule with a Direct Transfer

The 60-day rule needn't be a concern at all, if you don't take your retirement money from your company plan or IRA yourself. You may arrange for a direct or trustee-to-trustee transfer. By requesting it, the funds will move from your plan account to an IRA (or from IRA to IRA) without your need to receive the distribution in hand.

Bonus of a Direct Transfer!

No withholding tax. *Your employer must withhold 20% of your distribution for federal income taxes, but this withholding is not necessary when the IRA trustee receives the money directly.*

How Rollovers Are Done

60-Day Rule for IRA Rollovers

Receive your distribution yourself...	**...from your company plan, you have 60 days to roll it over to an IRA.**
If you miss the deadline...	**...the distribution becomes taxable on the 61st day.**
If you are under age 59 ½...	**...you will be hit with a 10% penalty.**
The same 60-day rule applies if...	**...you take possession of funds while moving money from one IRA to another.**

That means asking your company or current fund manager to send the funds over to the new plan administrator.

Investing During Retirement

Getting through retirement means more than just asset management and tax planning, though that is important to consider. It means accounting for your assets, estimating your expenses, and making a plan so your saving and earning power will last.

Conventional wisdom in structuring a portfolio for retirement sustainability calls for heavy equity exposure during the early years of saving. That gives the portfolio the most growth potential, and the risks inherent in the stock market can be leveled out over time. As retirement approaches, the equity allocation is reduced, and the less volatile fixed-income component of the portfolio is increased.

When retirement begins, how much can be withdrawn each year without running the risk that the portfolio will be exhausted? That depends upon the behavior of the financial markets and the portfolio's asset allocation. If a bear market takes hold just as the retirement is starting, the risk of running out of money can be high. On the other hand, in a steady or rising market, the portfolio may generate enough income to build a buffer in the early years of retirement, protecting it from down markets later on.

Call On Us!

A professionally managed IRA Investment Management Account can help bring together the needed planning and **guidance** for a truly successful retirement strategy **given the ever-changing distribution rules for both retirees and named beneficiary(s).**

The professionals at **Garden State Trust Company** have years of experience helping clients through retirement, and we'd be happy to help you determine the most appropriate use for your individual or family situation.

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