

IN SERVICE 401 K ROLLOVER

By Steven W Shirley

One of the most unique and powerful investment strategies available, yet seldom used!

People have always been told that you can't touch your 401k retirement money until you're no longer employed and reach age 59 1/2. There are SOME company 401k plans that will allow what is called an **"In-Service 401k rollover"** of PART of your current 401k money into a Private IRA. Even while you are still working.

If you are you unhappy with your investment choices available in your employer's 401(k) or if you wish you had professional investment advice to help you manage your 401(k) assets, an in-service 401(k) rollover may be a smart choice for you.

Many 401(k) plans allow current employees to roll their assets out of their plan while they are still employed, providing you the opportunity to move the assets into an IRA offering greater diversification opportunities. Some opportunities may even provide guaranteed benefits.

Opinions may differ when it comes to picking core investments within a 401(k), but most agree that improved diversification is desirable. Does your 401(k) plan offer investment choices covering all of the style boxes? If not, the result may be lost diversification opportunities.

THE ROAD TO RETIREMENT

The road to a prosperous retirement, for many, is paved with 401(k) savings. When a 401(k) savings vehicle fails to fit a person's needs an in-service IRA rollover may be a solution. There are numerous investment strategies that will help you to diversify your 401(k) which may result in less volatility and higher growth.

If permitted by your company-sponsored retirement plan, in-service, non-hardship withdrawals can give you early access to your retirement assets. With an in-service, non-hardship withdrawal, you may be able to request a distribution from your retirement account while you are still employed. However, not all company-sponsored retirement plans offer these withdrawals.

The first step is to learn if your company allows these distributions. To do this, review your Summary Plan Description (SPD) with your financial advisor and speak with your employee benefits department. In doing so, you can learn if there are any restrictions or special requirements associated with these distributions.

It's important to understand that this type of withdrawal is typically treated as ordinary income and could trigger a tax liability. In addition, if you're under age 59 1/2, you could be subject to a 10% early withdrawal penalty. However, by taking the distribution and rolling it over into an IRA, you will continue to benefit from tax-deferred growth without an immediate tax liability or penalty.

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