
A GUIDE FOR YOUR RETIREMENT SAVINGS

ROLLING OVER YOUR IRA OR 401(k)?

The 6 best and worst rollover decisions when you retire or change jobs, and a checklist to keep you on track



- Avoid the 20% trap
Move money without tax withholding
- Keep your tax breaks
Know the rules before you move
- Protect your family
Beneficiaries set up the right way

Compliments of

Rick Liuag

Rick Liuag Insurance and Financial Services
Corona, CA · 951-515-0292

Rolling Over Your IRA or 401(k)?

Your 401(k) or IRA may be the largest sum of money you have ever controlled. When you retire or change jobs, what you do with it is one of the few financial decisions that can be hard, or impossible, to undo.

Most mistakes come from a missed rule or a rushed decision, not from a lack of options. This guide walks through your choices and the six best and worst rollover decisions. The same care applies when you move an IRA from one company to another: use a direct transfer, and remember that you can do only one 60-day IRA-to-IRA rollover in any 12-month period.

Your four choices

Option	Advantages	Watch out for
Leave it in your former employer's plan	No action needed; keeps the age-55 rule and strong federal creditor protection	Limited investment choices; plan rules may restrict withdrawals
Roll it to an IRA	Wide range of choices, including guaranteed income options; easier to consolidate accounts	Fees vary; the age-55 rule no longer applies; California protects IRAs less fully than 401(k)s
Move it to a new employer's plan	Keeps savings in one place; some plans allow loans	Only if the new plan accepts rollovers; choices are limited to the plan's menu
Cash it out	Immediate access to the money	Income tax on the full amount, a possible 10% penalty, and lost tax-deferred growth

Ask Rick: Not sure which choice fits you? A short call can narrow it down before you sign any paperwork. 951-515-0292

The 6 Best and Worst Rollover Decisions

1

Use a direct transfer, never a check made out to you

If your plan pays the money to you, it must withhold 20% for taxes. To avoid tax, you then have 60 days to deposit the full amount, including the 20% that was withheld, from your own pocket. Any amount you can't replace is taxed, and may carry a 10% penalty if you're under 59½.

Example. You have \$100,000 and take a check. You receive \$80,000. To roll over the full \$100,000 tax-free, you must add \$20,000 of your own money within 60 days, then wait for the refund at tax time.

Best decision: a direct, trustee-to-trustee transfer to the new account. **Worst:** a check made out to you.

2

Know the age-55 rule before you move

If you leave your job in or after the year you turn 55, you can usually withdraw from that employer's 401(k) without the 10% early-withdrawal penalty (age 50 for many public safety workers). Once the money is in an IRA, the penalty generally applies until 59½.

Best decision: if you may need money before 59½, leave some of it in the plan. **Worst:** rolling it all to an IRA, then paying the penalty to reach it.

3

Check for company stock before you roll it

If your 401(k) holds shares of your employer's stock that have grown a lot, a special rule called "net unrealized appreciation" may let you pay ordinary income tax only on the original cost and lower capital gains rates on the growth. Rolling the shares into an IRA gives up that option permanently.

Best decision: get the cost basis of any company stock and tax advice before moving it. **Worst:** rolling highly appreciated shares into an IRA without checking.

The 6 Best and Worst Rollover Decisions

4

Keep Roth and after-tax money separate

Roth 401(k) money belongs in a Roth IRA, where it can stay tax-free. If you made after-tax (non-Roth) contributions, IRS rules may let you send those to a Roth IRA and the pre-tax money to a traditional IRA. Mixing them can turn tax-free dollars into taxable ones.

Best decision: get a breakdown of pre-tax, Roth and after-tax balances and route each one correctly.

Worst: sending everything to one traditional IRA.

5

Name new beneficiaries on the new account

Beneficiaries do not carry over from your 401(k) to an IRA, so the new account starts with none until you name them. Under current rules, most non-spouse beneficiaries must empty an inherited account within 10 years, which affects how much tax your heirs pay.

Best decision: name primary and contingent beneficiaries as soon as the account opens. **Worst:** assuming your old beneficiaries carried over.

6

Plan for income and taxes, not just the move

Every dollar from a traditional IRA or 401(k) is taxed as ordinary income when you take it out, and required minimum distributions generally begin at age 73 (75 if you were born in 1960 or later). A rollover is the right moment to decide how this money will become a paycheck.

Best decision: map out how much income you'll need, when, and which accounts it will come from.

Worst: moving the money with no plan for income or taxes.

Ask Rick: Have you already requested paperwork from your plan? Before you send anything back, let's make sure all six decisions are covered.

Your Rollover Checklist

Check off each step as you go. Any unchecked box is a good question for your review.

Before you move

- ☐ Get your plan's rollover or distribution paperwork
- ☐ Ask for your pre-tax, Roth and after-tax balances
- ☐ Check for company stock and its cost basis
- ☐ Decide whether you may need money before age 59½
- ☐ Compare fees, choices and protections for each option

During the move

- ☐ Request a direct, trustee-to-trustee transfer
- ☐ If a check is issued, it's payable to the new custodian, not to you
- ☐ Roth money goes to a Roth IRA; pre-tax money to a traditional IRA

After the move

- ☐ Confirm the full amount arrived in the new account
- ☐ Name primary and contingent beneficiaries
- ☐ Keep your Form 1099-R and give it to your tax preparer
- ☐ Set up a plan to turn your savings into retirement income

Where guaranteed income can fit

Some people use part of a rollover to buy an annuity inside their IRA, for income they can't outlive or principal protection, while the rest stays invested. It's one option among several, and it isn't right for everyone.

Rolling Over Your IRA or 401(k)?

Your next step: a free rollover review

In a no-obligation review, we'll go through your checklist, look at your plan statement and walk through your options in plain language, including the costs and trade-offs of each, before you make a decision you can't undo.

What to have available for our meeting (whatever you have is fine):

- Your most recent 401(k) or IRA statement
- Any rollover or distribution paperwork from your plan
- The cost basis of any company stock in your plan
- Your latest Social Security statement (available at ssa.gov/myaccount)
- Last year's tax return

Call Rick: 951-515-0292

Schedule online: calendly.com/rickliuag

Email: rick@rickliuagagency.com

Important disclosures

This material is for educational purposes only and is not a recommendation to roll over, transfer or withdraw retirement funds or to buy any product. Before rolling over, compare fees, services, investment options, withdrawal rules and creditor protections of your current plan and any new account. Examples are hypothetical. Annuity guarantees are based on the claims-paying ability of the issuing insurance company. Annuities are not FDIC-insured, are not bank deposits, and are not guaranteed by any bank or government agency; they may carry surrender charges and rider fees. Withdrawals are generally taxed as ordinary income, and a 10% federal penalty may apply before age 59½. Tax information is general, based on federal law as of 2026, and subject to change. Rick Liuag Insurance and Financial Services does not provide tax or legal advice; consult your tax advisor. Insurance products offered through Rick Liuag Insurance and Financial Services, CA License #0E72518.

Sources: IRS Publication 575 (Pension and Annuity Income); IRS Publication 590-A and 590-B (IRAs); IRS Notice 2014-54 (after-tax rollovers).

About Rick Liuag

For 37 years, Rick Liuag has helped people protect two things that matter most: the income they'll live on and the savings they've worked hard to build.

Rick works primarily with pre-retirees, retirees and small business owners, people who have spent decades building something and want to make sure it lasts. His clients often come to him with the same questions.



Will my savings last as long as I do? What happens if the market drops right before I retire? How do I protect my family and my business from a big, unexpected expense?

Rick specializes in retirement planning and risk management, helping clients answer those questions with a plan, not a guess. That can mean creating guaranteed lifetime income that works like a personal pension, or protecting principal from market losses.

Nearly four decades in the business have convinced Rick that good decisions start with good information. He writes his guides in plain language, explains the trade-offs along with the benefits, and never recommends something that doesn't fit. His clients always know how a plan works, what it costs and how he's paid before they decide anything.

Rick Liuag

Certified Pension/Retirement Advisor

Rick Liuag Insurance and Financial Services

Corona, CA · CA License #0E72518 · Also licensed in TX, NV, SC, GA and FL

951-515-0292 · rick@rickliuagagency.com

Schedule a conversation: calendly.com/rickliuag

Questions about your retirement?

Let's talk. There's never any cost or obligation.



Rick Liuag

Rick Liuag Insurance and Financial Services

951-515-0292

rick@rickliuagagency.com · calendly.com/rickliuag

CA License #OE72518

