

Christine Benz's checklist for rolling over your 401(k)



If you are changing jobs or are close to retirement, you will be considering what to do with your 401(k) plan assets. Even if you ultimately decide to leave your investments in your former employer's plan, you should investigate your options to ensure you are making the best choice. Morningstar's Christine Benz created a checklist of steps to take.

Check your account value: Account balances above \$5,000 open the door to many options, including leaving it with your former employer (if the plan allows you to do so) or rolling it into an IRA or your new employer's 401(k). If your account balance is below \$5,000, your former employer can legally remove you from its plan. Balances below \$1,000 can be cashed out.

Determine whether you want to stay within the 401(k) confines: This decision will be partially determined by your former and/or current plans' guidelines. If you are allowed to do so, you will need to weigh the pros and cons. Employer retirement plans offer some protections and can give you access to fund options not available outside the 401(k) structure. Alternatively, moving your account outside of the 401(k) structure gives you more choices.

When making this decision, compare the costs and fund selection of the 401(k) plan(s) against the options available to you through an individual brokerage or mutual fund account. If you like the 401(k) structure and have the option of either staying with your former employer's plan or moving it to your new employer's plan, you will need to compare and contrast the two. Also, look at your options for rolling over to an IRA account, which can be held at the brokerage firm or mutual fund company of your choosing.

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