ELEVATEDRETIREMENTGROUP

2024

Don't Let the IRS End Up With Your Retirement Money

Retirement Rollover Reality Check

The following checklist will help you evaluate and if appropriate, successfully rollover your hard earned retirement dollars from your company plan to an IRA.

Should I Stay or Should I Roll
(from a tax perspective)

☐ **Retiring between ages 55-60?**
(age 50+ for select government plans)

In most situations, distributions from any pre-tax account prior to age 59.5 is subject to a 10% early distribution penalty. There is however an exception for company retirement plans IF you retire between the ages of 55 to 59.5 where the penalty is waived. This waiver is lost if the money is moved to an IRA Outstanding Plan Loans

☐ **Enhanced Creditor Protection?**

While IRA accounts share nearly all of the same creditor and bankruptcy protections as company plans, they are not identical and if you are at risk of legal judgements and/or creditor action, legal counsel should be consulted before making a rollover.

☐ **Loan Balance?**

If you have an outstanding loan that is not paid back prior to your rollover, the loan will be 'forgiven' and reported to the IRS as a taxable distribution (potentially subject to a 10% penalty if you are under age 59.5)

Three Ways to Move Your Money

The IRS provides 3 options for getting money from your company plan to an IRA, however your employer is NOT required to offer all of these options.

Trustee to Trustee Transfer: Ideally your employer will send your funds electronically to your IRA account. This is the cleanest and safest method for transferring funds.

Direct Rollover: Some employers don't want the hassle of electronic transfers and may instead require that a physical check be mailed to your home. So long as the check is made payable to the company holding your IRA (e.g. Charles Schwab, Fidelity, LPL, etc), for the IRS' purposes this is the same as an electronic transfer.

Option for 60-day Rollover: Last and certainly least, you do have the option of having the money simply sent to you via check or electronic transfer to your bank. This is almost never a good idea due to the risk of missing the 60-day window, and more importantly, the company is required to send 20% of your distribution directly to the IRS for taxes.

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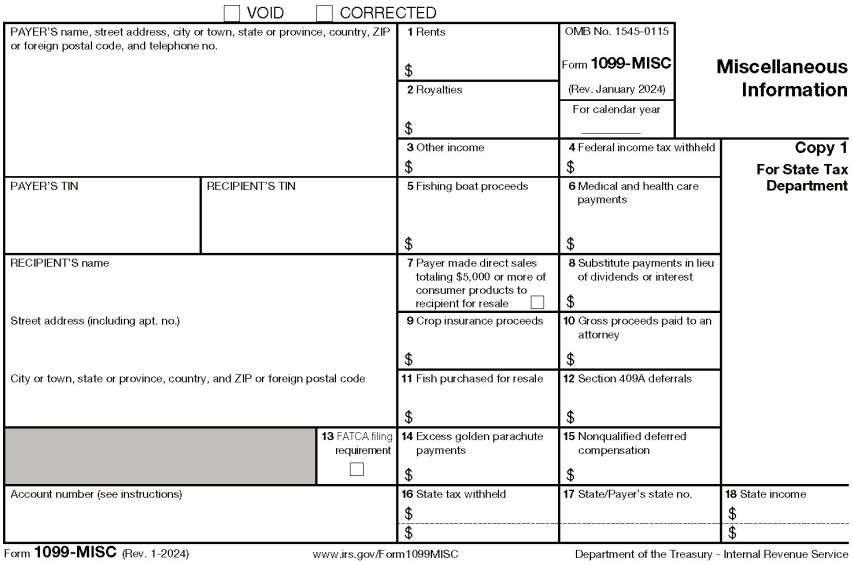
It’s not over until the IRS says so

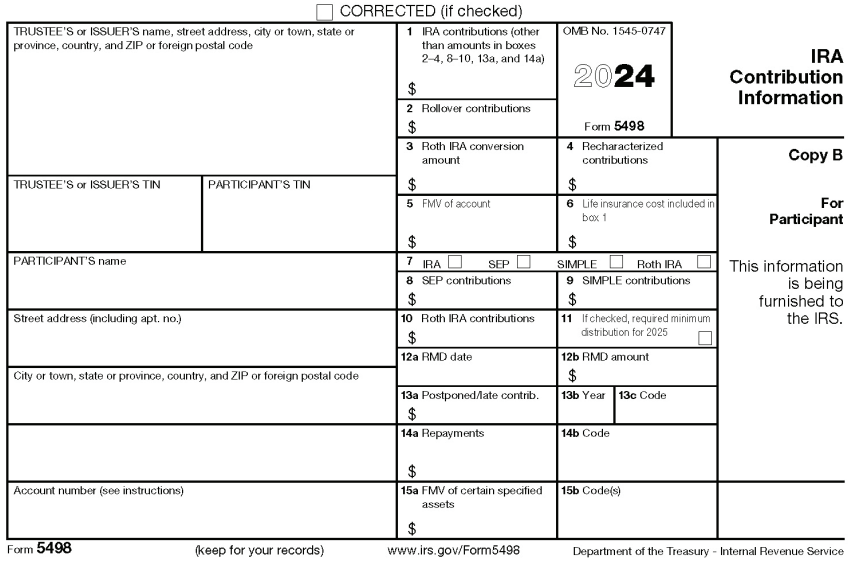
If 100 people rolled over their company plan to an IRA, 99 of them will have zero problems (if we exclude the company trying to ‘keep’ your money). However if you are the 1 in 100 a number of small mistakes could have serious tax consequences. To be extra safe, we recommend that you (or your advisor) confirm the following



☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Rents $	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2024) For calendar year ____	Miscellaneous Information
	2 Royalties $		
	3 Other income $	4 Federal income tax withheld $	Copy 1 For State Tax Department
PAYER'S TIN / RECIPIENT'S TIN	5 Fishing boat proceeds $	6 Medical and health care payments $	
RECIPIENT'S name	7 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐	8 Substitute payments in lieu of dividends or interest $	
Street address (including apt. no.)	9 Crop insurance proceeds $	10 Gross proceeds paid to an attorney $	
City or town, state or province, country, and ZIP or foreign postal code	11 Fish purchased for resale $	12 Section 409A deferrals $	
13 FATCA filing requirement ☐	14 Excess golden parachute payments $	15 Nonqualified deferred compensation $	
Account number (see instructions)	16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form 1099-MISC (Rev. 1-2024) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service



☐ CORRECTED (if checked)

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 IRA contributions (other than amounts in boxes 2–4, 8–10, 13a, and 14a) $	OMB No. 1545-0747 2024 Form 5498	IRA Contribution Information
	2 Rollover contributions $		
	3 Roth IRA conversion amount $	4 Recharacterized contributions $	Copy B For Participant
TRUSTEE'S or ISSUER'S TIN / PARTICIPANT'S TIN	5 FMV of account $	6 Life insurance cost included in box 1 $	
PARTICIPANT'S name	7 IRA ☐ SEP ☐ SIMPLE ☐ Roth IRA ☐		This information is being furnished to the IRS.
	8 SEP contributions $	9 SIMPLE contributions $	
Street address (including apt. no.)	10 Roth IRA contributions $	11 If checked, required minimum distribution for 2025 ☐	
City or town, state or province, country, and ZIP or foreign postal code	12a RMD date	12b RMD amount $	
	13a Postponed/late contrib. $	13b Year / 13c Code	
	14a Repayments $	14b Code	
Account number (see instructions)	15a FMV of certain specified assets $	15b Code(s)	

Form 5498 (keep for your records) www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

What If...

What if the check goes missing
What if the form is wrong

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