



# Turning savings into income

## Your three distribution options

When you leave your job or retire, you may choose to leave your savings where they are.<sup>1</sup> Or you may decide your best choice is to begin taking distributions.

Keep in mind that any pretax contributions will be taxed when they are taken out unless you roll those funds directly into another retirement plan or a traditional IRA. Distributions from your plan may also have an impact on your income taxes.

*Consider all your options and their features and fees before moving money between accounts.*

## 1 Keep your money in the plan

By leaving your money in the plan, you may be able to take advantage of:

- Low fees.
- Competitively priced investment options.
- Flexibility to withdraw funds when you decide you need them.

The only time you must withdraw money from your account is when you reach the age for taking required minimum distributions (RMDs) — typically age 73<sup>2</sup> — and even then, you only have to withdraw a portion of your funds. Talk to a representative about your unique situation. We'd be happy to help.

## 2 Rollover options

### IRA and new employer rollover

You can roll over certain balances to another eligible employer plan if your new employer's plan allows.

When thinking about rollovers, you may also decide to roll over part or all of your account balance to an IRA with a financial institution of your choice. Any amount directly rolled over won't be taxed until you withdraw it.

### Rollover to Roth accounts

Before submitting a direct rollover request, you need to verify that the new plan provides for a designated Roth account and can accept rollovers. Eligible rollover distributions are made payable directly to your new employer's Roth plan or to a Roth IRA. Taxes will not be withheld automatically from your rollover distribution.<sup>3</sup>

### 3 Take a distribution

There may be several distribution options available to you. Keep in mind that there may be tax implications depending on the distribution you choose.

#### Withdrawing money from your plan can cost you

- 20% may be withheld from your distribution for federal income tax.
- You may have to pay additional state and local income tax.
- The money you withdraw could put you in a higher tax bracket, and you may owe more taxes.
- If you're under the age of 59½, you could owe a 10% early distribution tax penalty in addition to income taxes. Please note that this penalty does not apply to 457 plan contributions.

### Periodic payment

#### Of an amount certain

Receive equal, periodic payments on a monthly, quarterly, semiannual, or annual basis until your balance is \$0. The number of payments you receive will depend on the value of your investments.

#### Of a period certain

Receive payments on a regular basis according to the frequency you choose (monthly, quarterly, semiannual, or annual). The payment amounts depend on the frequency and length of time you choose to receive payments, and the value of your investments.

Your payment amount is calculated by dividing your current account balance by the number of remaining payments. With this payment method, your balance will be zero by the end of the term you select.

### Lump-sum distribution

#### Partial

Take out a portion of your balance at any time whether or not you are taking a periodic payment.<sup>4</sup>

You may elect partial lump-sum payments at different times, or a series of partial lump-sum payments, as you need.

#### Full

The entire value of your account will be distributed. You can roll over all or a portion of your account to another qualified plan or have the distribution paid to you (which may mean significant tax impacts).

### Have questions?

Before taking a distribution, contact your Gallagher Benefit Services, Inc. representative:

Sharon Gogel  
Phone: 314-792-7261  
Email: sharon.gogel@ajg.com

or call Empower at **866-467-7756** to talk to a representative

1 Certain restrictions apply, including required minimum distributions and any applicable de minimis distributions. See your plan document for details.

2 The IRS generally requires you to start taking minimum distributions at age 73.

3 Funds rolled over from a pretax retirement account to a Roth account are subject to income tax.

4 If you wish to receive a partial lump-sum payment, complete a Distribution Request form for the amount you wish to receive.

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