“Jailbreak” your 401(k)

As many people know, the 401(k) is a retirement saving account option available in the United States. Its name comes from subsection 401(k) of the IRS tax code. In the 1980s, U.S. workers began flocking to 401(k) accounts as a tax-advantaged retirement savings plan. Since then, 401(k)s have surpassed traditional retirement pensions as a dominant retirement plan option.

This can be observed in recent trends. According to recent statistics from the Department of Labor, there were over 638,000 defined-contribution plans in the United States. Of all those plans, 80.4% were 401(k) plans, which covered 88.7 million total participants. About 73.7 million workers were active participants in the 401(k) plans.

Unfortunately, many employees have some downsides with their 401(k)s, especially lack of flexibility. They don’t have the ability to move money out of their account – unless they change jobs, retire from the workforce, get divorced, or become completely disabled.

Why are 401(k) Limitations so Critical for Workers?
It becomes a challenge because employees are tied to their 401(k)s. When they want to invest their retirement savings, they are stuck in their company’s plan. Of course, ties to a company-sponsored 401(k) plan can bring up other issues – including challenges which could be better-managed with guidance from third-party financial professionals. Consider some of these statistics:

• In 2013, 35% of all participants who left their jobs closed their account, according to Fidelity Investments, the largest 401(k) provider in the U.S.

• In 2008 – during the financial crisis – 46% of employees who left their job took a 401(k) plan cash distribution.

• One in four Americans dip into their 401(k) or other retirement funds for everyday expenses, according to HelloWallet.

• The wide tap into retirement accounts cost investors $70 billion in 2010, HelloWallet report.

• Among people who completely cash out their 401(k)s and other retirement accounts, 75% do so for basic money management problems.

• Data from Vanguard shows a 12% increase in number of workers taking loans against their retirement account or withdrawing their money outright.

If workers had the ability to unlock their 401(k) without disrupting their savings incentives, that would be optimal. What if there was a way to unlock 401(k)s without penalty?

In-**Service Alternate Rollovers: Unlock Clients’ 401(k)s**
Enter “in-service alternate rollovers,” or a process which allows people to move current 401(k) savings without tax liability or a 10% penalty. With this solution, employees can still retain their employer-matching incentives. Yes, it is possible!

Experienced retirement-advice-law attorneys have found an IRS provision within ERISA guidelines which makes this possible. Move over present funds within a 401(k) to preferred retirement asset, via an IRA without changing jobs, divorcing, or retiring. It is known as a 401(k) ISAR.

In-service alternate rollovers, or 401(k) ISARs, are not a hardship provision, an in-service withdrawal provision, or a loophole.

Let us help you obtain more control over your investments. Call us at (972)731-2539 to discuss how the exclusive in-service alternate rollover strategy can help your retirement planning.

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