

## Know your options:

### What to do with your retirement savings<sup>1</sup>

It's important to understand the options for the savings you have in your former employer's retirement plan. If you are eligible to take your money out (this is known as a distribution), there are typically four possible options.

There are advantages and drawbacks for each option. You should consider the differences in investment options, fees and expenses, tax implications, services and penalty-free withdrawals.

This summary can help you identify some important considerations.<sup>2</sup> There may be other factors to consider due to your specific needs and situation. You may wish to consult with your tax or legal advisor.

#### Retirement Savings Options

- Roll savings into an Individual Retirement Account (IRA)
- Keep savings in your former employer's retirement plan (if allowed)
- Roll savings to your new employer's retirement plan
- Cash out savings and close the account

(May use a combination of these options)

## Retirement Savings Options

### Roll savings into an IRA

#### Advantages

- Maintains tax-deferred status of savings
- Continue to make contributions and save for retirement
- Combine other qualified plans or IRA savings into one account
- Offers greater control as it's your account and you make the decisions
- Offers broad range of investment options to fit needs as they change over time
- Protected from bankruptcy
- May have the services of a financial professional to help with investing and retirement planning
- Flexibility when setting up periodic or unscheduled withdrawals
- May help with planning and managing required minimum distributions at age 70½

#### Drawbacks

- Investment expenses and account fees may be higher than those of employer plans
- No fiduciary required to prudently monitor the cost and quality of the investment options
- IRS penalty-free withdrawals generally not allowed until age 59½
- Loans not allowed. Can only access money by taking a taxable distribution
- Limited protection from creditors
- In-kind transfers of company stock to an IRA will result in appreciated value being taxed as ordinary income at withdrawal from the IRA

It's important to know the types and range of investments and fees of an IRA.

### Keep savings in your former employer's plan (if allowed)

#### Advantages

- Maintains tax-deferred status of savings
- Keeps current investment choices
- Preserves any guaranteed interest rate
- Keeps ownership of company stock in the account where it may have certain tax benefits at withdrawal
- Fees in employer plan may be lower than similar individual accounts
- Plan fiduciary required to prudently monitor the cost and quality of the investments options

#### Drawbacks

- Changes made to the plan by your former employer will impact you (i.e., plan investments, fees, services, plan providers, plan termination)
- Investment choices limited to those offered through your former employer's retirement plan
- Subjects you to limitations of the plan, including income distribution provisions when you retire
- Account may be assessed fees for plan administration or other reasons

[Continued on next page](#)

## Keep savings in your former employer's plan (continued)

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### Advantages

- IRS penalty-free withdrawals if you're at least 55 years old in the year you left your job
- Protected from creditors and bankruptcy
- Plan may provide access to planning tools, educational resources and phone helpline

### Drawbacks

- Access to personalized investment advice or advice that takes into account your other assets or particular needs may not be available through the retirement plan
- No new contributions allowed

**Check with your former employer's plan administrator to confirm plan details and requirements.**

## Roll savings to your new employer's plan – This is an option if you are joining a company that offers a retirement plan.

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### Advantages

- Maintains tax-deferred status of savings
- Continue to make contributions and save for retirement
- Combine other qualified plans or IRA savings into one account
- Fees in employer plan may be lower than similar individual accounts
- Plan fiduciary required to prudently monitor the cost and quality of the investments options
- IRS penalty-free withdrawals if you're at least 55 years old in the year you leave your new job\*
- Protected from creditors and bankruptcy
- Plan may provide access to planning tools, educational resources and phone helpline
- Loan provisions may allow borrowing from the rolled over money
- No required minimum distribution at age 70½ from a current employer's plan is required, unless you are a 5% or more owner of the company

### Drawbacks

- Changes made to the plan by your employer will impact you (i.e., plan investments, fees, services, plan providers, plan termination)
- Investment choices limited to those the plan offers
- Subjects you to limitations of the plan, including income distribution provisions when you retire
- Account may be assessed fees for plan administration or other reasons
- Access to personalized investment advice or advice that takes into account your other assets or particular needs may not be available through the retirement plan
- Plan may offer fewer or more expensive investment options than your former employer's plan
- May be more restrictive on withdrawals while employed
- Roll-ins may not be allowed or an eligibility period may need to be satisfied
- In-kind transfers of company stock will result in appreciated value being taxed as ordinary income at withdrawal from the retirement plan

**Check with your former employer's plan administrator to confirm plan details and requirements.**

## Cash out savings and close the account

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### Advantages

- Immediate access to cash
- May see significant tax advantage for company stock that has substantially appreciated
- If after-tax contributions were made, could take these amounts tax-free (though you will be required to pay tax on the earnings of these contributions)

### Drawbacks

- At distribution, 20% withheld on the taxable account balance for pre-payment of federal income taxes
- State taxes and a 10% early distribution penalty may also apply on taxable account balance
- May move you to a higher tax bracket
- Forfeits future tax-deferred growth potential
- Not protected from creditors or bankruptcy

**If this money is no longer set aside for retirement, will you have the savings you need when you want to retire or can no longer work?**

\*In-service withdrawals may be allowed while you are still working for the company sponsoring the retirement plan. Check with the plan administrator for details and requirements.

<sup>1</sup> These considerations were prepared for pre-tax 401(k) accounts. Some – but not all – of these considerations may also apply to other types of plans and/or accounts (e.g., Roth after-tax accounts). You may wish to consult a tax advisor if you participate in a different type of plan or hold a different type of account.

<sup>2</sup> These descriptions are for general educational purposes and should not be construed as advice or recommendations. This is not tax or legal advice and you may wish to consult with your tax or legal advisors on these issues.

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Principal Life Insurance Company  
Des Moines, IA 50306-9394

## Rollover form

Marchese Ford of Mechanicville, Inc. 401(k) Plan  
Contract/Plan ID Number: 5-36823

CTD01314

**Instructions:** Complete all steps listed and sign this form to roll over funds from a previous employer's plan or Individual Retirement Account (IRA) into the current retirement plan with services by Principal®.

### 1. Personal Information (please print with black ink)

<b>Name</b>			<b>Date of birth</b>	<b>Social Security number</b>	
			/ /	- -	
Last	First	MI			
<b>Mailing address</b>					
Street		Apt	City	State	Zip Code
<b>Date of hire</b>		<b>Phone number</b>		<b>Email address</b>	
/ /		- -			

The email address you provide will be used for services provided by the Principal Financial Group®. For more information, see the privacy policy at principal.com.

### 2. Tell us about your rollover funds

Do you know if the funds are **pre-tax** or **after-tax** contributions? (check one)

- ☐ **Yes.** Please provide more details (check all that apply).
- ☐ **Pre-tax.** Approximate account value \$ \_\_\_\_\_
- ☐ **After-tax.** What kind of after-tax contributions are the funds? (check all that apply)
- ☐ **1.) Roth**
- Roth deferral amount (excluding any earnings/losses) \$ \_\_\_\_\_
  - Earnings on Roth deferral \$ \_\_\_\_\_
  - Tax year of the first Roth deferral \_\_\_\_\_
- Was any part of the Roth account originally a pre-tax contribution?**
- ☐ **No**
- ☐ **Yes,** I've completed a in-plan Roth conversion of pre-tax contribution to a Roth account. \$ \_\_\_\_\_
- Tax year of completion \_\_\_\_\_
- ☐ **2.) Other after-tax contributions** (not Roth)
- Other after-tax contribution amount (excluding any earnings/losses) \$ \_\_\_\_\_
- ☐ **No. Not sure?** That's ok. We'll work with you to get this information from the financial institution currently holding the funds.

### 3. Confirm rollover

**By signing this form, I agree that...**

This form is designed to be a quick way to direct the investment of eligible rollover funds. If I do not have an investment election on file or wish to make an alternative allocation, I will select investment options by logging in to principal.com or calling 1-800-547-7754.

If I don't make a different investment election prior to my rollover funds being received by Principal®, my funds will be invested based on my current investment election. If I do not have a current investment election on file my funds will be directed to the plan's investment default alternative(s): Principal Lifetime Hybrid CIT based on your current age and the plan's normal retirement date.

I certify that this rollover contains no funds from a hardship withdrawal, no excess contribution amounts, and no funds subject to a required minimum distribution.

I certify that no part of this rollover is part of an inherited IRA, SIMPLE IRA within 2 years of the first contribution, or Roth IRA.

I certify that, if the funds are coming from a former employer's plan, I have verified that the plan is a plan qualified under Internal Revenue Code 401(a) or (b) or 457(b).

I understand that Principal will rely on the information I have provided on this form and/or information from the current financial institution regarding the deposit breakdown between pre-tax and after-tax (including any Roth contributions).

You have options other than rolling the retirement account from your former employer's retirement plan to your new employer's plan. Fees, investment options, services and plan features vary between retirement plans.

By rolling over funds to this account, I agree that I have received and reviewed information about the plan's investment options so that I may make an informed investment decision. Information about the plan's investment options is available in the Investment Option Summary included in the enrollment booklet and online at principal.com.

You must roll over qualified funds within 60 days of distribution to avoid tax penalties. If it has been more than 60 days, I agree that I am self-certifying this rollover because I am eligible for a waiver of that period per the guidelines provided by the IRS, and will be submitting a copy of my self-certification to Principal.

**My Signature****Date**

X \_\_\_\_\_ / /

\*You may roll over a distribution from a traditional IRA to a plan qualified under the Internal Revenue Code §401(a) or (b), an annuity, or a Governmental 457(b) plan to the extent that the distribution would be taxable if not rolled over. After-tax contributions in an IRA (including non-deductible contributions to a traditional IRA) may not be rolled over to one of these plans. Amounts rolled into a Governmental 457(b) plan other than another Governmental 457(b) plan are subject to an early withdrawal tax.

You may roll over a Roth account only into a plan that allows Roth contributions. Please check your Summary Plan Description or plan document before rolling over Roth accounts to make sure Roth contributions are available.

### 4. Plan sponsor authorization

The plan sponsor or trustee has authorized Principal Life Insurance Company to accept rollover contributions per a signed agreement.

### 5. Request the funds and contribution details

You need to request the funds from the current financial institution holding them. You'll need to provide them some instructions regarding how they provide the funds to us and the breakdown of how they should be directed based on your pre-tax and after-tax contributions (see below). We'll rely on this information and/or the information you've provided on this form when directing the funds here at Principal.

**Or we can help you do it.** If you'd like some help contacting the current financial institution, call us at 1-800-547-7754 for more information.

Contract/Plan ID Number: 5-36823

**Checks must be made payable to:**

Principal Trust Company  
FBO: <Your Name>  
Contract/Plan ID Number 5-36823

Deposit breakdown between pre-tax  
and after-tax contributions

**Checks must be mailed to:**

Principal Financial Group  
P.O. Box 9394  
Des Moines, IA 50306-9394

**Wire transfer instructions:**

ABA Number: 121000248  
Account Number: 0837354943  
FBO: <Your Name>  
Contract/Plan ID Number 5-36823

Deposit breakdown between pre-tax  
and after-tax contributions

## 6. Send completed form and rollover funds

If we don't receive this form within 15 business days of receiving the rollover funds, the rollover funds will be returned.



**Check enclosed**

**Mailing address for completed form and check:**

Principal Financial Group  
P.O. Box 9394  
Des Moines, IA 50306-9394



**Prior financial institution will send check/wire funds**

**Fax** this completed and signed form to the number  
below so we know your rollover funds are on the way:

**1-866-704-3481**

**For residents of Florida:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Investment options are subject to investment risk. Shares or unit values will fluctuate, and investments, when redeemed, may be worth more or less than their original cost.

If funds are rolled into the plan prior to the participant attaining eligibility, this form is only valid if the participant receives the plan's Investment Options Summary and 404 notice prior to executing.

This workbook content is current as of the production date noted below. If there are any discrepancies between this information and the legal plan document, the legal plan document will govern. If the production date is older than three months, you should contact your plan sponsor or log in to principal.com for current retirement plan and investment option information. The member companies of the Principal Financial Group® prohibit the manipulation of this workbook content. If your plan sponsor elects to provide this workbook electronically, Principal® is not responsible for any unauthorized changes.

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