First Citizens Wealth®

Retirement Plan Distribution Alternatives and Considerations

First Citizens believes in helping our customers make informed choices about one of the most important financial decisions of their lives – how to best manage their retirement money.

When you retire or otherwise become entitled to a distribution from your retirement plan, the decision as to what to do with the money should be based on your own individual needs and circumstances. No one choice is right for everyone. However, we want you to fully understand the options available to you. Below you will find the four available options for distributions, along with the common advantages/disadvantages associated with those options:

	Advantages	Disadvantages
Leave the money in your current plan	▪ Money remains tax-deferred (until distributed) ▪ Plan administrator monitors cost and quality of investment options ▪ Investment options within the plan may include lower cost choices than outside the plan ▪ If working (and not 5% owner of the business), no Required Minimum Distribution (RMD) at 73	▪ No control over the plan investment options ▪ May offer limited investment choices and services ▪ May not have access to personalized investment advice ▪ May incur administrative fees
Roll the account balance into an IRA	▪ Money remains tax-deferred (until distributed) ▪ Able to choose financial institution, investments and services ▪ A financial partner may be able to give personalized investment advice ▪ Often more flexible than plans on distribution requests ▪ May roll account balance into a future employer's plan ▪ Allows consolidation of other similar tax-deferred retirement accounts	▪ No plan administrator to monitor cost and quality of investments ▪ Investment fees may be complex and difficult to evaluate ▪ May pay more for investments, services and advice ▪ May be required to select investments ▪ 10% penalty on distributions prior to age 59½ (unless exception applies) on Traditional IRAs ▪ Required taxable distributions begin at 73 (for Traditional IRAs)
Transfer the account balance to your new employer's plan	▪ Money remains tax-deferred (until distributed) ▪ Investment options within the plan may include lower cost choices than current plan ▪ If eligible, contributions can be made to the new plan ▪ If working (and not 5% owner of the business), no Required Minimum Distribution (RMD) at 73 ▪ Administrative fees may be different than the current plan	▪ No control over the new plan investment options ▪ May offer limited investment choices and services ▪ May not have access to personalized investment advice ▪ May incur administrative fees ▪ New plan may not allow a transfer or there may be a waiting period
Take a taxable distribution	▪ Money is immediately available (after securities are sold) with no restriction on use ▪ After-tax contributions (other than Roth contributions) are tax free (subject to tax on earnings) ▪ May be tax advantages to taking a distribution of appreciated employer stock	▪ Distribution may impact tax bracket ▪ May owe additional federal and state income tax ▪ Mandatory 20% federal tax withholding for individuals ▪ 10% early distribution tax penalty may apply if under age 59½ ▪ Spending the money you withdraw will reduce retirement savings

(continued)

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The above scenarios are common for most plan participants. However the characteristics of your plan and your own personal circumstances might require that additional matters be considered. This list does not consider those factors and is therefore not comprehensive. As a result, we encourage you to check with your plan administrator, qualified tax professional or legal counsel for additional guidance.