



RETIREMENT SERVICES

## RETIREMENT PLAN OPTIONS WHEN LEAVING YOUR JOB

Now that you are leaving your job, you need to decide what to do with the money you have accumulated in your employer’s retirement plan. The decisions you make today can have a significant impact on your retirement security.

DWS Retirement Services can make it easy for you to understand and evaluate the options which meet your specific needs. This guide can help you:

- Understand the different choices available for your retirement plan savings
- Evaluate each option
- Take the necessary steps to implement your decisions

### THERE ARE FOUR OPTIONS FOR YOU TO CONSIDER:<sup>1</sup>

- 1 | Transfer all or a portion of the eligible amount of your retirement plan assets, as defined under the plan, to a Rollover IRA.
- 2 | Leave your assets in your former employer’s retirement plan (if your balance is greater than the plan’s mandatory cash-out amount) until a date stated in the plan.

- 3 | Roll over all or a portion of the eligible amount of your retirement assets, as defined under the plan, into a new employer’s retirement plan, provided this is permitted by your new employer.
- 4 | Take your retirement plan assets as a cash distribution.

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 If you made Roth 401(k)<sup>2</sup> contributions to your employer–sponsored retirement plan, please read **Considerations for Designated Roth 401(k) Contributions** for important information you need to consider.  
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RESHAPING INVESTING.





## 1 | ROLL YOUR ELIGIBLE RETIREMENT PLAN ASSETS INTO A ROLLOVER IRA

### THE PROS

**Maintains tax-deferred status**—A Traditional Rollover IRA allows growth potential for your pretax money without having to pay taxes on it until you take a distribution from the Rollover IRA. You may also be eligible to rollover your eligible plan assets to a Roth IRA. However, the entire amount of the otherwise taxable portion must be included income for the year; certain restrictions apply.

**Avoids tax implications and penalties**—When you roll your retirement plan assets directly into a Traditional Rollover IRA, there is no tax or current taxation or penalty.

**Offers investment flexibility**—You may decide where and how to invest your assets.

**Keep your current DWS funds**—<sup>3,4</sup>

A DWS Investments Rollover IRA will continue to give you access to the DWS funds you are currently invested in, as well as other DWS funds not currently offered in your retirement plan, subject to certain exceptions.

**Provides future flexibility**—You may be able to transfer a Traditional Rollover IRA into another employer-sponsored retirement plan, subject to exceptions.

**Allows consolidation of assets**—You can roll the assets from more than one retirement plan into the same Rollover IRA, although there may be future planning considerations to take into account.

**Allows for direct rollover of after-tax contributions**—You may directly rollover your after-tax contributions into an IRA if your new employer’s plan permits.

### THE CONS

**Terminates relationship with former plan**—This may eliminate the ability to take advantage of certain investment options or fee arrangements offered by your previous employer’s retirement plan.

**IRA custodial fees may apply**—Depending on the financial institution you choose, a Rollover IRA may have annual custodial fees.

**Rollover of company stock could have tax implications**—Contact your Plan Sponsor for more information on company stock, if applicable.

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**REQUIREMENTS**

The cover letter provides step-by-step instructions on how to roll over your money into a DWS Investments Rollover IRA.<sup>5</sup>  
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## 2 | LEAVE YOUR MONEY IN YOUR PREVIOUS EMPLOYER’S RETIREMENT PLAN

### THE PROS

**Requires little action on your behalf**—If this option is available to you, there is no paperwork to complete.

**Maintains tax-deferred status**—This option allows growth potential for your money without having to pay taxes on it until you take a distribution.

**Provides future flexibility and account aggregation**—You have the option to roll your money over into either a Rollover IRA or a new employer’s retirement plan that is willing to accept the distribution.

**Offers your current investment options**—You would still be able to take advantage of your current investment options, some of which may be available only through your retirement plan. Certain investment options available through your retirement plan, such as company stock, may not be available outside of your plan.

### THE CONS

**Offers limited investment flexibility**—Most retirement plans offer a set number of investment options. You will not be able to consolidate retirement accounts, as well.

**May require payment of recordkeeping fees**—As a former plan participant, you could be required to pay recordkeeping fees.

### REQUIREMENTS

Contact your plan administrator with questions about leaving your money in your previous employer’s retirement plan.

## 3 | ROLL YOUR MONEY INTO YOUR NEW EMPLOYER’S RETIREMENT PLAN

### THE PROS

**Maintains tax-deferred status**—This option allows growth potential for your money without having to pay taxes on it until you take a distribution.

**Avoids current taxes and penalties**—When you roll retirement plan assets directly into your new employer’s plan, there are no tax implications or penalties.

**May offer new investment options**—Your new employer’s retirement plan may have different investment options.

**Consolidates your assets**—By rolling the assets from your previous employer’s retirement plan into your new employer’s plan, you can consolidate your retirement plan.

**Provides immediate loan access**—If your new employer’s retirement plan offers a loan feature, you may be able to take advantage of it.

**Allows for direct rollover of after-tax contributions**—You may directly rollover your after-tax contributions if your new employer’s plan permits.

### THE CONS

**Limited investment flexibility**—You’re able to take advantage of only those investment options available in that plan. Compared with a Rollover IRA, the investment options available to you could be limited.

**Inability to withdraw rollover assets**—Some plans may limit your ability to withdraw rollover assets while still employed.

### REQUIREMENTS

Contact the plan administrator of your new retirement plan to make sure the new plan will accept a rollover and to understand the requirements.



## 4 | TAKE A CASH DISTRIBUTION

### THE PROS

**Offers immediate access to cash**—After incurring the taxes and/or penalties associated with your cash distribution, you will have immediate access to the remaining amount. You may also reinvest your distribution by rolling your money into an IRA or another qualified plan within 60 days.

### THE CONS

**Subjects you to tax implications**—Taking a cash distribution at any time will subject you to current federal income taxes and possibly state and local income taxes on any pretax amounts currently held in your account. The IRS requires your employer to withhold 20% of the eligible rollover distribution as a prepayment of federal income tax. State income tax withholding may also apply. You will need to pay any excess federal, state or local tax owed. If you decide to roll over your funds after taking a distribution, then you will need to make up the 20% withholding tax to avoid taxes and possible penalties on that amount. Note, you have 60 days from the date of your distribution to rollover your funds.

**You may incur possible penalties for early withdrawal**—If you take a cash distribution and you are younger than age 59½, you could owe another 10% of your distribution to the IRS as an early withdrawal penalty.

**Terminates tax-deferred status**—Your employer-sponsored retirement plan allows growth potential for your money without having to pay taxes on it. Once you take a cash distribution, you lose the benefits of tax-deferred status on contributions and earnings.

### REQUIREMENTS

- Fill out the distribution form. Contact your employer if one was not included as part of this kit.
- Contact your plan administrator to determine if additional approval is required.
- Once the distribution is approved, you'll receive a check in your name.

### TAX IMPLICATIONS AND PENALTIES

If you have an outstanding loan from your retirement plan, then you must repay it in its entirety to avoid subjecting it to current income tax and possibly a 10% early withdrawal penalty. Check with your plan administrator about the repayment options offered by your plan.

Taxes and penalties can quickly erode your retirement savings. To avoid unnecessary taxes and penalties, you should consider keeping your retirement assets working for you in an employer-sponsored retirement plan or IRA. Contact your tax or legal advisor for any specific tax or legal questions. You may also visit [www.irs.gov](http://www.irs.gov) for more information.

CONSIDERATIONS FOR DESIGNATED ROTH 401(K) CONTRIBUTIONS

**You can rollover your Roth 401(k) plan to a Roth IRA**—One of the key benefits of a Roth IRA is that you are not required to take minimum required distributions at age 70½ during your lifetime. Conversely, if the Roth 401(k) account is not rolled over, you generally are required to take minimum required distributions from your Roth 401(k) account beginning by the later of: April 1 of the year following the year you reach age 70½, or April 1 of the year following the year you terminate employment. It’s important to note that once you roll over a Roth 401(k) account to a Roth IRA, you cannot later roll it into another Roth 401(k).

**You have 60 days from the date you receive a 401(k) plan distribution to rollover all or a portion of a Roth 401(k) account**—If you make a partial rollover, the portion that represents the Roth contribution is tax-free, but, as discussed below, any earnings may be currently taxable and may be subject to a 10% additional tax to the extent not rolled over. For this purpose, the rollover amount will be treated as consisting first of the amount of the distribution that would otherwise be treated as taxable income, so it may be taxed currently.

**You need to consider the taxability of a distribution from a Roth 401(k) account**—Qualified distributions of Roth 401(k) contributions are tax-free. In order for a distribution of earnings on a Roth 401(k) account to be a qualified distribution and be tax free, the distribution must occur following certain events and at least 5 years after the year of your first Roth 401(k) contribution to the plan. This 5-year period begins on the first day of the taxable year in which you first contributed to your plan. This may be referred to as the “5-year clock,” and it ends after five consecutive taxable years. A new 5-year clock begins when a Roth 401(k) account is rolled over to a Roth IRA.

However, if you have an existing Roth IRA account that meets the 5-year requirement and rollover your Roth 401(k) account to it, distributions from the rollover Roth IRA are immediately available tax-free when you reach age 59½, become disabled or die.

**You can rollover your Roth 401(k) contributions to another employer plan with a Roth feature in a direct rollover only**—A significant benefit is that your 5-year clock for making qualified distributions is carried over from your prior employment. A Roth 401(k) distribution is considered qualified and your savings (both contributions and earnings) can be withdrawn tax-free if you reach age 59½, become disabled or die (then the assets go to your beneficiaries). The distribution occurs after the 5-year taxable period beginning with the taxable year in which the first contribution was made.

However, for an indirect rollover, you may roll over only the taxable portion of the distribution to a designated Roth 401(k) or 403(b) plan within 60 days of receipt. In addition, your period of participation under the distributing plan is not carried over to the recipient plan for purposes of determining whether you satisfy the 5-year requirement under the recipient plan.

**REQUIREMENTS**

- Understand the tax implications and penalties for taking a cash distribution. You may be subject to federal income tax, as well as any applicable state and local taxes. If you are under age 59½, you may be subject to a 10% IRS early withdrawal penalty.
- For questions or more detailed information, contact your plan administrator or financial advisor.

**ENCLOSED MATERIALS INCLUDE:**

- A DWS Investments Rollover IRA Application
- A Final Distribution Form (if applicable)\*
- A Special Tax Notice (if applicable)\*
- A Plan Document or IRA Custodial Agreement
- Funds At-a-Glance
- Business Reply Envelope(s)

\* Please note, the distribution form inside this pocket was created by ADP, Inc. Neither DWS Investments nor any of its affiliates are responsible for any of the content created by ADP, Inc. Also included is a Special Tax Notice that is based on an IRS model and is also available at the IRS website—[www.irs.gov](http://www.irs.gov).

<sup>1</sup> Your retirement plan may or may not provide for all of these options and could provide for other options not described here.

<sup>2</sup> References to the Roth 401(k) investment option also includes the Roth 403(b) option, an almost identical counterpart available to certain non-profit institutions.

<sup>3</sup> If you currently are invested in DWS Stable Value Fund or DWS Stock Index Fund (or any non-DWS fund), then you will need to redirect those investments. DWS Stable Value Fund seeks to maintain a constant net asset value of \$1.00 per share, but there can be no assurance that the stable net asset value will be maintained. It is possible to lose money. Investments in this fund are neither insured nor guaranteed by the US government. DWS Stable Value Fund and DWS Stock Index Fund are collective investment trusts, not mutual funds. Collective investment trusts have similar characteristics to mutual funds, but are structured differently. Collective investment trusts do not have prospectuses. DWS Stock Index Fund only purchases shares of the State Street S&P 500 Fund.

<sup>4</sup> Past performance is not a guarantee of future results.

<sup>5</sup> Please be advised that the distribution proceeds will not be invested in the market until you deposit the distribution check into your Rollover IRA.

**TAX/LEGAL INFORMATION**

This brochure is not intended to provide tax or legal advice and should not be relied upon as such. Any specific tax or legal questions concerning the matters described in this brochure should be discussed with your tax or legal advisor. DWS Investments does not provide tax or legal advice.

**OBTAIN A PROSPECTUS**

To obtain a prospectus, download one from [www.dws-investments.com](http://www.dws-investments.com), speak with your financial representative or call Shareholder Services at (800) 621-1048. We advise you to carefully consider the product's objectives, risks, charges and expenses before investing. The prospectus contains this and other important information about the investment product. Please read the prospectus carefully before you invest.

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