ROLLING OVER YOUR EXISTING RETIREMENT PLAN

According to The U.S. Bureau of Labor Statistics, the Labor Department's data arm, job changes are quite common. The typical American worker's tenure with his or her current employer hovers around 4 years. Since most employer sponsored retirement plans will allow workers to begin participating in their retirement plan at one year of employment there is a good chance you have assets you could rollover into your current plan account.

Rollover of a Previous Employer's Retirement Account

A rollover is a tax-free distribution from one retirement account to another. There are several kinds of retirement accounts that can be rolled-over into an IRA rollover account including a previous employer's qualified plan such as a 401(k) plan, deferred compensation plan (section 457 plan), or tax-sheltered annuity plan such as a 403(b).

There are several reasons to rollover a previous employer plan:
1. You may want to utilize a professional investment manager.
2. Consolidating accounts may reduce the costs that may be eating away at your other retirement plan accounts.
3. You may wish to consolidate your retirement plans, so that you don't need to worry about managing several accounts.

Rollover of a SIMPLE IRA Account

Most rollovers from a SIMPLE IRA plan are not considered taxable distributions. SIMPLE IRA rollovers are, however, subject to a "two year period" rule that is unique to SIMPLE IRAs. This means that beginning on the first day that a deposit is made into a SIMPLE IRA plan, the employee must wait two years before the SIMPLE IRA can be rolled-over into any other qualified plan, such as a 403(b), 401(k), or another IRA. If the employee wants to make a tax-free rollover before the two year rule has expired, then the transfer must be to another SIMPLE IRA account.

An early distribution (prior to age 59 1/2) that does not satisfy the rollover rules is subject to an extra 10% tax on the distribution. If the two year rule is not satisfied, and the distribution is taxable, the additional tax is increased to 25%.

Finding a Missing Account

Sometimes employees work at so many jobs over the years that they actually forget all of the various locations that they had retirement accounts. Additionally, retirement accounts (such as IRAs) can be opened many years prior to being used in retirement. You may have rolled 401(k) funds into an account after leaving an employer or left money at a bank in a state you moved away from. Over time, maintaining the account may be neglected with addresses never being updated. If you suspect that you have an IRA out there that is rightfully yours, you may be able to locate it through a diligent tracking of your past.

1. Review old tax returns. You would have noted any contributions made on the tax return to obtain a deduction or account for a rollover. The institution's name would be listed on the tax return.
2. Contact the benefits' or human resources department of old employers. You may have rolled funds out of a plan and the department should have a record of where the check was sent.
3. Look through your old files, safety deposit boxes, and records you maintain that may contain a statement of the account.
4. Contact banks and financial institutions you have dealt with to determine if there are any other accounts for which you are not receiving statements.
5. Perform a web search through a resource such as http://www.missingmoney.com that conducts a free search based on your name and state of residence. This site works with the National Association of Unclaimed Property Administrators regarding bank accounts, investment holdings, non-cashed checks and wages, insurance policies and escrow accounts. You may need to conduct a search for all states you have lived in and under any names the accounts might be registered. Another site to check out is http://www.unclaimedretirementbenefits.com, a PenChecks site that allows participants to do a free search utilizing their Social Security Number.