



Is an in-service withdrawal right for you?

While most working Americans are aware of the wealth accumulation benefits of participating in their company's 401 (k) plan, a far smaller percentage know their plan's inner workings. Frankly, most participants have little interest in such details until they begin to near retirement.

Typically, employees sign up, set aside a percentage of income for deferral, then check back as they near age 60.

Why are investors checking back in at this age?

We find that it's because there's a far greater sum invested and a far greater sensitivity to how it behaves! With only 5-10 years remaining in a working career, investors become more engaged than ever with their investments, including 401 (k) assets.

So what may a typical 60 year old find?

A close examination of your plan will often reveal the following:

- 15-25 investment choices, including a series of target-date strategies
- A Stable Value option (often equated to a money market fund)
- A mix of US and non-US equity strategies and 1 or 2 bond options

Does playing defense inside of your plan feel deflating? Like you are conceding defeat? Do you wish you had more choices?

Which begs the question, “How do I play defense using these tools?”

Candidly, for most investors that’s become a difficult question to answer in today’s market climate. While Stable Value offerings will provide peace of mind, they offer rather modest return potential in today’s climate.

Historians point to the benefits of diversifying across stocks and bonds to help insulate against market volatility. Effectively, bonds historically have buffered the losses sustained by equities in years like 2008. Will they do so during the next stock market downturn?

What is an in-service withdrawal?

Many employer plans, at age 59 ½, allow participants to move money from the plan to an IRA without any fees or taxes.

How do I know if my plan allows such a withdrawal?

A call to your plan sponsor or HR director should be able to answer the question. Some company websites also list this as an available option for participants.

So why would I make such a move?

Recall the earlier question about playing defense. Outside the framework of your company’s 401 (k) plan lies a multitude of solutions that can help address today’s investor dilemma.

Now What?

In exchange for a few moments of your time, our team would like to discuss what choices you have, what IS possible – what CAN be done.

Please call or e-mail to schedule a discussion.

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www.headinvestmentpartners.com | Jonathan.Hayes@hip3.net | (865) 999-5332