

# Money Matters

October 1, 2017

## Skloff Financial Group Question of the Month

By Aaron Skloff, AIF, CFA, MBA


**Q: We have numerous retirement account accounts that are difficult to track and even more difficult to optimize their risk and return. We are trying to consolidate the accounts. What retirement accounts can we rollover into what retirement accounts?**

### The Problem – Keeping Track of Numerous Retirement Accounts and Optimizing Risk and Return

The median employee tenure—the length of time a worker has been with his or her current employer—is approximately 4.2 years, according to The Bureau of Labor Statistics (BLS). Over the course of your career you could accumulate 10 retirement plans. Add in a handful of IRAs and it can be difficult to keep track of (RMDs or otherwise), manage and optimize the risk and return of these accounts.

### The Solution – Rollover, Consolidate and Optimize Risk and Return of Retirement Accounts

You can rollover and consolidate many retirement accounts into one or two retirement accounts. For example, you can consolidate 10 Roth IRAs into one Roth IRA. As another example, you can rollover a 401(k), 403(b), 457(b), SEP-IRA and a SIMPLE IRA into one Traditional IRA. Once consolidated, it is easier to keep track of, manage and optimize the risk and return of these accounts. Please see the table below for an IRS list of the most common type of retirement accounts, their rollover compatibility and their tax implications.

		Roll To							
		Roth IRA	Traditional IRA	SIMPLE IRA	SEP-IRA	Governmental 457(b)	Qualified Plan <sup>1</sup> (pre-tax)	403(b) (pre-tax)	Designated Roth Account (401(k), 403(b) or 457(b))
Roll From	<a href="#">Roth IRA</a>	Yes <sup>2</sup>	No	No	No	No	No	No	No
	<a href="#">Traditional IRA</a>	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup> , after two years	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
	<a href="#">SIMPLE IRA</a>	Yes <sup>3</sup> , after two years	Yes <sup>2</sup> , after two years	Yes <sup>2</sup>	Yes <sup>2</sup> , after two years	Yes <sup>4</sup> , after two years	Yes, after two years	Yes, after two years	No
	<a href="#">SEP-IRA</a>	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup> , after two years	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
	<a href="#">Governmental 457(b)</a>	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes	Yes	Yes	Yes <sup>3,5</sup>
	<a href="#">Qualified Plan<sup>1</sup> (pre-tax)</a>	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years <sup>7</sup>	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
	<a href="#">403(b) (pre-tax)</a>	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
	<a href="#">Designated Roth Account (401(k), 403(b) or 457(b))</a>	Yes	No	No	No	No	No	No	Yes <sup>6</sup>

<sup>1</sup>Qualified plans include, for example, profit-sharing, 401(k), money purchase, and defined benefit plans.

<sup>2</sup> [Only one rollover](#) in any 12-month period.

<sup>3</sup>Must include in income.

<sup>4</sup>Must have separate accounts.

<sup>5</sup>Must be an in-plan rollover.

<sup>6</sup>Any nontaxable amounts distributed must be rolled over by direct trustee-to-trustee transfer.

<sup>7</sup>Applies to rollover contributions after December 18, 2015. For more information regarding retirement plans and [rollovers](#), visit [Tax Information for](#)

### Action Steps

Work closely with your Register Investment Adviser (RIA) to consolidate your accounts and optimize their risk and return.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA) is CEO of Skloff Financial Group, a Registered Investment Advisory firm specializing in financial planning, investment management and benefits for small to middle sized companies. He can be contacted at [www.skloff.com](http://www.skloff.com) or 908-464-3060.