What to do with the *401(k)* you left behind.

When you leave a job, you have four options for the 401(k). The default — leaving it where it is — isn't always wrong, but it's rarely the best. Here's how we think it through with you.

1 YOUR FOUR OPTIONS

OPTION	WHAT IT MEANS	WHEN IT MAKES SENSE
Leave it	Money stays in the old 401(k).	The old plan has institutional-class funds, low fees, and good options.
Roll to new 401(k)	Consolidate at the new employer.	The new plan is strong and you want one account.
Roll to a Rollover IRA	Move to a self-directed IRA.	You want broader investment choices and unified reporting.
Cash out	Take the money in hand.	**Almost never.** Triggers income tax + 10% penalty if under 59½.

2 WHEN TO ROLL TO AN IRA

- You want a broader fund universe than the 401(k) offers.
- You want all your retirement money in one place for planning and RMDs later.
- You're past 59½ and may want flexibility with distributions.
- Your old plan has limited investment options or high recordkeeping fees.

3 WHEN TO KEEP IT IN A 401(K)

- The plan offers institutional-class funds — often cheaper than retail.
- You may want to borrow against the 401(k) (loans aren't available from IRAs).
- You're thinking about Backdoor Roth contributions — pre-tax IRA balances complicate those.
- You're 55 or older and separated from service — the "Rule of 55" lets you withdraw penalty-free.
- You have appreciated employer stock (look up "NUA" — Net Unrealized Appreciation).

4 THE 60-DAY DEADLINE

There are two ways to do a rollover. Pick the right one.

DIRECT ROLLOVER

Money moves plan-to-plan or plan-to-IRA without touching you. No deadline, no tax withheld. **Almost always do this one.**

INDIRECT ROLLOVER

Plan sends you a check (with 20% withheld). You have 60 days to deposit the full amount (including making up the withheld 20% from your own pocket) — or it's a taxable distribution.

Watch the calendar. Miss the 60 days and you owe income tax on the whole amount, plus a 10% penalty if you're under 59½. The risk isn't worth the convenience.

5 OTHER THINGS TIED TO THE JOB

- **HSA** — Keeps growing in your name. You can roll it to a new HSA or leave it.
- **FSA** — Use it or lose it before your last day, with few exceptions.
- **RSUs / stock options** — Vesting cutoffs and exercise windows can have hard deadlines, sometimes 90 days after separation.
- **Deferred compensation** — Distribution schedules are usually locked in. Check the election.
- **Group life and disability** — Usually end at separation; you may have a window to convert.
- **Pension or cash balance** — Lump-sum vs. annuity decisions are often permanent.

A NOTE FROM MPM

Call us before you call HR. Many decisions in the 90 days after leaving a job become permanent. We'll model the rollover options against your full plan, and walk you through the paperwork.

Sources: IRS Publication 575 (Pension and Annuity Income); IRS Publication 590-A (Contributions to IRAs); Internal Revenue Code §§ 402(c), 408(d)(3); U.S. Department of Labor fiduciary guidance under ERISA. Confirm current rules with IRS.gov before acting.