

The Everyday Saver's Rollover Blueprint

What to do with a 401(k) you left at an old job: every option you have, the tax rules that decide what you keep, and what each choice really costs.

The 60-second version

- 1. **Find every old account.** Money left behind is easy to lose track of. (Page 2)
- 2. **Compare your four options side by side.** For most people the real choice is between an IRA and a new employer's plan. (Page 3)
- 3. **Move money only by direct rollover.** Never take a check made out to you. That one step avoids the 20% withholding trap. (Page 4)
- 4. **Get the fees in writing before you sign anything.** Use the phone script and the 10-question checklist. (Page 5)

Who this guide is for

You left a job, or several, and have roughly \$10,000 to \$100,000 sitting in a 401(k), 403(b), or similar workplace plan you no longer think about. Most of this guide also applies if you want to move a traditional IRA.

Leaving money behind isn't the mistake. These three are.

- **Losing track of it.** Companies merge, plan providers change, and statements go to an old address.
- **Paying fees you can't see.** Fund expenses come out of your balance every year, in good markets and bad. A 1% difference on \$50,000 can cost you tens of thousands of dollars over 20 years.
- **Moving it the wrong way.** The way money leaves a plan decides whether you owe taxes on it. One wrong form can turn a tax-free move into a tax bill.

Each page of this guide fixes one of these.

What's inside

1	Start here	The short version, and what this guide is and isn't
2	Find it and know what you have	Where to look, and the details to gather before you decide
3	Your four options, side by side	Taxes, costs, protection, and who each option tends to fit
4	Move it without a tax bill	Direct vs. indirect rollovers, special cases, and where gold and alternatives fit
5	Before you move a dollar	Phone script, 10-question fee checklist, and red flags

Please read: what this guide is not

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STEP 1

Find it and know what you have

You can't compare options for money you haven't found. Work down this list until every old account is accounted for.

Where to look

- 1. Your old statements and email.** Search your inbox for "401(k)" and for the plan's recordkeeper, the company that sends the statements (names like Fidelity, Empower, Vanguard, Principal, or John Hancock).
- 2. Your former employer's HR or benefits office.** Ask one question: "Who is the recordkeeper for the 401(k) plan, and what's their phone number?"
- 3. The Department of Labor's Retirement Savings Lost and Found** at lostandfound.dol.gov. It's a free search run by the federal government. You verify your identity through [Login.gov](https://login.gov). Not every plan is listed yet, so a "no match" result doesn't mean there's no account.
- 4. Plan filings, if your old company merged or closed.** Most plans file an annual Form 5500 with the Department of Labor. Search by company name at efast.dol.gov to find the plan administrator's contact details.
- 5. State unclaimed property.** If a plan mailed you a check that was never cashed, the money may have gone to the state. Search every state you've lived in at missingmoney.com.

Small balances may already have moved. If your balance was small when you left, the plan may have moved it without asking you. Plans can set that limit as high as \$7,000 (it was \$5,000 before 2024). Balances above \$1,000 are usually rolled into an "automatic rollover IRA" in your name at a provider you never chose, often sitting in cash or a low-yield option. Smaller balances may have been mailed to you as a check. The plan's recordkeeper can tell you where the money went.

What to gather before you decide

Once you've found an account, ask the recordkeeper for these details or find them on your statement and online account. Every one of them changes which option makes sense.

What to find	Why it matters	Where it's usually listed
Vested balance	The amount that's actually yours. Unvested employer money was forfeited when you left.	Statement or online account
Money types	Pre-tax, Roth, and after-tax money each have different rollover destinations. Mixing them up creates a tax bill.	Statement "sources" section
Fund expense ratios	The yearly cost of each fund, as a percentage of what you hold. This is the fee most people never see.	Annual participant fee disclosure
Plan administration fees	Recordkeeping or account fees charged to your balance, often quarterly.	Statement transactions; fee disclosure
Outstanding loan	Leaving a job usually turns an unpaid loan into a taxable distribution unless you act (see page 4).	Statement or loan summary
Company stock	Rolling employer stock into an IRA can forfeit a special tax break (see page 4).	Holdings list
Your age when you left	Leaving a job in or after the year you turned 55 can allow penalty-free withdrawals from that plan (see page 3).	You know this one

Tip: If you have more than one old account, make a quick list with each account's balance, money types, and total yearly fees. You'll use it on pages 3 and 5.

STEP 2

Your four options, side by side

What happens to your money, and your tax bill, under each choice. "IRA" means a traditional IRA for pre-tax money and a Roth IRA for Roth money.

	1. Leave it in the old plan	2. Roll it into your new employer's plan	3. Roll it into an IRA	4. Cash it out
Taxes now	None.	None, if moved by direct rollover.	None, if moved by direct rollover.	Taxed as ordinary income. The plan withholds 20% up front. If you're under 59½, you may also owe a 10% additional tax.
Ongoing cost	Whatever the plan charges. Large plans often have low-cost funds; small plans can be expensive.	Whatever the new plan charges.	Account is often \$0 at large brokerages. Your cost depends on the investments you pick.	No ongoing cost, but the money stops growing tax-deferred for good.
Investment choices	The plan's fund menu only.	The new plan's fund menu only.	Nearly anything: index funds, ETFs, bonds, CDs. Self-directed IRAs can hold precious metals and other alternatives.	Not applicable.
Protection from creditors	Strong federal protection under ERISA.	Strong federal protection under ERISA.	Protected in bankruptcy up to a high federal cap. Outside bankruptcy, it depends on your state's law.	None once it's in your bank account.
Early access before 59½	If you left this job in or after the year you turned 55, you can withdraw from this plan without the 10% additional tax.	Depends on the new plan's rules. Some plans allow loans.	Withdrawals before 59½ generally owe the 10% additional tax, with limited exceptions. The age-55 rule does not apply to IRAs.	Immediate, at the cost shown in the first row.
Often fits people who	Have access to low-cost institutional funds, or left at 55+ and may need money before 59½. Keep your address current with the plan.	Like the new plan's costs and want one account (ask first: not every plan accepts roll-ins). Also useful if you make backdoor Roth IRA contributions, because it keeps pre-tax money out of the IRA "pro-rata" calculation.	Want more investment choices or lower costs than their plan offers.	Face a true emergency and have run out of other options. Rarely the best choice.

Bottom line: for most everyday savers the choice is option 2 or option 3. Compare each one's total yearly cost in dollars with the checklist on page 5.

What "cash it out" really costs: an example

Say you're 45, in the 22% federal tax bracket, and you cash out a \$25,000 balance.

Federal income tax at 22%	\$5,500
10% additional tax for being under 59½	\$2,500
Total federal cost, before any state income tax	\$8,000 (32%)
What you actually keep	About \$17,000

The plan withholds \$5,000 (20%) up front; the rest is settled when you file. The extra income can push part of it into a higher bracket, so the real cost can be more.

STEP 3

Move it without a tax bill

There are two ways to move money out of a workplace plan. They sound almost the same, but they lead to very different results.

Direct rollover (do this)	Indirect rollover (avoid this)
The old plan sends the money straight to your new IRA or plan, by wire or by a check payable to the new custodian "for the benefit of" (FBO) you. • Nothing is withheld. • Nothing is taxed. • No deadline to track. Also called a trustee-to-trustee transfer.	The plan pays the money to you, and you redeposit it yourself. • The plan must withhold 20% for federal income tax (IRC §3405(c)). • You have 60 days to deposit the full amount, including the 20% you never received (IRC §402(c)(3)). • Whatever you don't redeposit is taxable, and may also owe the 10% additional tax if you're under 59½.

The 20% trap, in numbers

Your balance is \$40,000 and you take an indirect rollover. The plan sends you a check for \$32,000 and withholds \$8,000. To keep the whole \$40,000 tax-free, you must deposit \$40,000 into an IRA within 60 days, which means finding \$8,000 from your own pocket. You get the \$8,000 back as a tax credit when you file, months later. If you deposit only the \$32,000, the missing \$8,000 is a taxable distribution. If you miss the 60 days entirely, the IRS does allow late rollovers for a short list of reasons beyond your control, such as a financial institution's error or a serious illness, but you can't count on it.

Check these four things before you move anything

- **Roth money goes to a Roth IRA.** Roth 401(k) money must go to a Roth IRA or another Roth plan account, not a traditional IRA. Ask how your five-year clock for tax-free withdrawals carries over.
- **After-tax (non-Roth) contributions can often be split.** The after-tax amount can usually go to a Roth IRA and the earnings on it to a traditional IRA. Ask the plan for the breakdown.
- **Company stock: stop and get tax advice.** If you hold your employer's stock in the plan, rolling it into an IRA can forfeit a tax break called net unrealized appreciation (NUA).
- **Unpaid 401(k) loan.** Leaving a job usually turns the unpaid balance into a "loan offset." You avoid tax on it by depositing the same amount into an IRA by your tax filing deadline, including extensions.

One more rule: you can do only one indirect IRA-to-IRA rollover in any 12-month period (IRC §408(d)(3)(B)). Direct transfers and rollovers from a 401(k) to an IRA don't count toward that limit.

Where gold and other alternatives fit

- **What's allowed.** An IRA can hold certain gold, silver, platinum, and palladium coins and bars that meet IRS purity standards (IRC §408(m)). Other collectibles bought in an IRA are treated as taxable distributions.
- **Where it's stored.** IRA metals must be held by the IRA's trustee or custodian, usually at an approved depository. In 2021 the U.S. Tax Court ruled that IRA owners who kept the metals at home had taken taxable distributions.
- **What it costs.** Expect a setup fee, a yearly custodian fee, and storage fees, often a couple of hundred dollars a year combined, plus the dealer's markup over the market price when you buy and a lower price when you sell. Fixed fees take a bigger bite out of smaller balances.
- **The risks.** Metals pay no interest or dividends, and prices can fall and stay down for years. Self-directed IRAs that hold private investments can be hard to sell, are often limited to accredited investors, and come with strict "prohibited transaction" rules.

A sensible test: if you consider an alternative, size it so that a big drop in value, or being unable to sell for years, wouldn't derail your retirement.

STEP 4

Before you move a dollar

Phone script: calling your old plan

Open the new IRA or confirm your new plan accepts roll-ins first, and have its account number and rollover instructions ready. Many receiving providers will join a three-way call to handle it with you.

"Hi, I'm a former employee and I'd like to roll over my account. I want a **direct rollover**, a trustee-to-trustee transfer, so nothing is paid to me and nothing is withheld."

Then ask:

- "What's my vested balance, and how is it split between pre-tax, Roth, and after-tax money?"
- "Do I have an outstanding loan or any company stock in the account?"
- "Will the check be payable to my new custodian for my benefit, and where will it be sent?"
- "Are there any fees to process the rollover or close the account, and how long will it take?"

The 10-question fee checklist

Ask every provider you're considering, including the one you already have. Get the answers in writing, by email or in a disclosure document, and write them in.

#	Question	Provider A: _____	Provider B: _____
1	What will I pay in total in year one, in dollars, including any setup fee?		
2	What will I pay each year after that, in dollars, at my balance?		
3	Is any fee charged as a percentage of my balance (an advisory or management fee)? What percentage?		
4	What are the expense ratios of the funds or products I'd hold?		
5	Are there sales charges, commissions, or markups when I buy? For physical metals, what's the markup over the spot price?		
6	When I sell, what will I receive, and how is that price set?		
7	Are there surrender charges, lock-ups, or minimum holding periods?		
8	What does it cost to transfer out or close the account?		
9	Are you paid more if I choose one product over another? Are you acting as a fiduciary for this recommendation?		
10	Who holds my assets (the custodian's name), and how are they protected or insured?		

Red flags: slow down if you hear these

- Pressure to decide today, or a "limited-time" fee waiver or free metals tied to buying more.
- Pitches built on fear: predictions of a market collapse, bank failures, or the government seizing retirement accounts.
- Fees that won't be put in writing, or a request to have the check made out to you.

Check anyone selling you an investment at brokercheck.finra.org and adviserinfo.sec.gov. Both are free.

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