Investment Advisor

401(K) ROLLOVER TO IRA

Disclosure, Recommendations and Checklist

June 6, 2017

The following document is being provided to you in accordance with the Department of Labor's (DOL) Fiduciary Rule. The Department of Labor's ("DOL") "Conflict of Interest Rule", also known as the Fiduciary Rule (the "Rule"). This Rule requires fiduciaries to retirement plans, plan participants, and individual retirement account (IRA) owners ("Retirement Investors") to act impartially and provide advice that is in their clients' best interest. This information is being provided to you to ensure that all important alternatives are considered and weighed according to your best interest. Your investment advisor should review this document with you in detail to help you decide whether it is appropriate for you to roll over the assets in your employer-sponsored retirement plan to an individual retirement account (IRA).

Compare Options

Investors considering rolling over assets from a qualified employer-sponsored retirement plan ("Employer Plan") to an Individual Retirement Account ("IRA") should review and consider the advantages and disadvantages of an IRA rollover from their Employer Plan.

OPTIONS

A plan participant leaving an employer typically has four options (and may engage in a combination of these options):

1. Leave the money in the former employer's plan, if permitted;
2. Rollover the assets to a new employer's plan (if available and rollovers are permitted);
3. Rollover Employer Plan assets to an IRA; or
4. Cash out the Employer Plan assets and pay the required taxes on the distribution.

You may choose to take money out of your 401(k) plan. Cashing out the account is an option and will give you immediate access to your money. There are drawbacks. First, taking the money now means your money will no longer have the potential to continue to grow tax-deferred. Second, any cash distribution will be subject to state and federal taxes and, before age 59 ½, a 10% withdrawal penalty may apply.

If appropriate in your situation, your investment advisor may recommend that you roll over your employer plan assets to a Rollover IRA. You do not have to pay federal or state taxes if you roll over employer plan assets to a Rollover IRA, and the funds in an IRA continue to grow on a tax-deferred basis. When you withdraw the money for retirement, you will only be taxed on the amount you withdraw from the Rollover IRA each year.

As you consider your options, it's important to consult with your tax professional before making any decisions.

Option 1: Keep savings in former employer's plan

Advantages	Disadvantages
• Maintain tax-deferred status of savings • Keeps current investment choices • Preserves any guaranteed interest rate • Keeps ownership of company stock in the account where it may have certain tax benefits at withdrawal • Fees in employer plan may be lower than similar individual accounts • Plan fiduciary required to prudently monitor the cost and quality of the investments options • IRS penalty-free withdrawals if you're at least 55 years old in the year you left your job • Protected from creditors and bankruptcy • Plan may provide access to planning tools, educational resources and phone helpline	• Changes made to the plan by your former employer will impact you (i.e., plan investments, fees, services, plan providers, plan termination) • Investment choices limited to those offered through your former employer's retirement plan • Subjects you to limitations of the plan, including income distribution provisions when you retire • Account may be assessed fees for plan administration or other reasons • Access to personalized investment advice or advice that takes into account your other assets or particular needs may not be available through the retirement plan • No new contributions allowed

Option 2: Cash out savings and close the account

Advantages	Disadvantages
• Immediate access to cash • May see significant tax advantage for company stock that has substantially appreciated • If after-tax contributions were made, could take these amounts tax-free (though you will be required to pay tax on the earnings of these contributions)	• At distribution, 20% withheld on the taxable account balance for pre-payment of federal income taxes • State taxes and a 10% early distribution penalty may also apply on taxable account balance • May move you to a higher tax bracket • Forfeits future tax-deferred growth potential • Not protected from creditors or bankruptcy

If this money is no longer set aside for retirement, will you have the savings you need when you want to retire or can no longer work?

Option 3: Roll savings to your new employer's plan

This is an option if you are joining a company that offers a retirement plan.

Advantages	Disadvantages
• Maintains tax-deferred status of savings • Continue to make contributions and save for retirement • Combine other qualified plans or IRA savings into one account • Fees in employer plan may be lower than similar individual accounts • Plan fiduciary required to prudently monitor the cost and quality of the investments options • IRS penalty-free withdrawals if you're at least 55 years old in the year you leave your new job* • Protected from creditors and bankruptcy • Plan may provide access to planning tools, educational resources and phone helpline • Loan provisions may allow borrowing from the rolled over money • No required minimum distribution at age 70½ from a current employer's plan is required, unless you are a 5% or more owner of the company	• Changes made to the plan by your employer will impact you (i.e., plan investments, fees, services, plan providers, plan termination) • Investment choices limited to those the plan offers • Subjects you to limitations of the plan, including income distribution provisions when you retire • Account may be assessed fees for plan administration or other reasons • Access to personalized investment advice or advice that takes into account your other assets or particular needs may not be available through the retirement plan • Plan may offer fewer or more expensive investment options than your former employer's plan • May be more restrictive on withdrawals while employed • Roll-ins may not be allowed or an eligibility period may need to be satisfied • In-kind transfers of company stock will result in appreciated value being taxed as ordinary income at withdrawal from the retirement plan

Option 4: Roll over savings into an IRA

Advantages	**Disadvantages**
• Maintains tax-deferred status of savings • Continue to make contributions and save for retirement, subject to contribution limitations • Combine other qualified plans or IRA savings into one account • Offers greater control as it's your account and you make the decisions • Offers broad range of investment options to fit needs as they change over time	• Investment expenses and account fees may be higher than those of employer plans • No fiduciary required to prudently monitor the cost and quality of the investment options • IRS penalty-free withdrawals generally not allowed until age 59½ • Loans not allowed. Can only access money by taking a taxable distribution • Limited protection from creditors

• Fiduciary adviser may be required to prudently monitor the cost and quality of the investments options • Protected from bankruptcy • May have the services of a financial professional to help with investing and retirement planning • Flexibility when setting up periodic or unscheduled withdrawals • May help with planning and managing required minimum distributions at age 70½	• In-kind transfers of company stock to an IRA will result in appreciated value being taxed as ordinary income at withdrawal from the IRA

It's important to know the types and range of investments and fees of an IRA.

Check with your former employer's plan administrator to confirm plan details and requirements.

These descriptions are for general educational purposes and should not be construed as advice or recommendations. This is not tax or legal advice and you may wish to consult with your tax or legal advisors on these issues.

CONFLICT OF INTEREST

By recommending that you rollover your Employer Plan assets to an IRA, the Investment Adviser Firm and the investment adviser representative working with you (your investment advisor) may earn an asset-based fee as a result, if you decide to have the Investment Adviser Firm manage those assets. In contrast, leaving assets in your Employer Plan or rolling the assets to a plan sponsored by your new employer likely results in little or no compensation to the Investment Adviser Firm and your investment advisor. The Investment Adviser Firm and your investment advisor have an economic incentive to encourage investors to rollover Employer Plan assets into an IRA maintained at the Investment Adviser Firm. You are under no obligation to rollover Employer Plan assets to an IRA managed by your investment advisor.

The Investment Adviser Firm and your investment advisor have a duty to act in the "Best Interest" of the retirement investor when providing investment advice with respect to retirement assets. Simply put, this means that your investment advisor must act with the care, skill, prudence, and diligence that a prudent person would exercise based on the current circumstances. Your investment advisor's advice must be based on the investment objectives, risk tolerance, financial circumstances and needs of the retirement investor. The advice must also be made without regard to the financial interests of your investment advisor, the Investment Adviser Firm, or any of their affiliates.

Please acknowledge your receipt of this disclosure by signing here:

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Client Name Signature Date

Spouse Name	Signature	Date

This document will need to be tailored specifically to the individual client.

ROLLOVER RECOMMENDATION RATIONALE

Fiduciary Rule Requirements: When making a recommendation to roll over from an ERISA Plan to an IRA, your investment advisor is required to document the specific reason or reasons why the recommendation was considered to be in the Best Interest of the Retirement Investor. This documentation must include:

1. Consideration of the alternatives to a rollover, including leaving the money in your current employer's Plan, if permitted;
2. Consideration of the fees and expenses associated with both the Plan and the IRA, including whether your current employer pays for some or all of the plan's administrative expenses; and
3. The different levels of services and investments available under each option.

Where to get the information: Information about your 401(k) plan is available by obtaining the fee disclosure document, also known as the Rule 404a—5 disclosure. Plan sponsors are required to provide plan participants with an annual notice disclosing plan expenses (administration, individual and investment-related) to 401k participants. Your most current 401(k) statement also provides information about fees and expenses charged to you as a participant in the plan. This statement provides information about the investment options available in the 401(k) plan. Using this information, your investment advisor can help you compare your 401(k) to the IRA offered by the Investment Adviser Firm and your investment advisor.

Disclosure for Specific Client

	Employer 401(k) Plan	**Investment Advisor Rollover IRA**
Investment Options	Include number and types of investment options. Compare the fees expenses of these options to the IRA offered by your investment advisor.	Discuss the investment options and the fees and expenses of the Investment Adviser Firm's IRA.
Ongoing Investments	Discuss whether new investments are allowed.	Contributions to an IRA: The most an investor can contribute to all of his/her traditional and Roth IRAs is ***the smaller of***: • $5,500 (for 2015 - 2017), or $6,500 if the investor is age 50 or older by the end of the year; or • The investor's taxable compensation for the year. An investor can roll over funds from his/her 401(k) plan, if the payment is made in

		another retirement plan or IRA within 60 days.
Fees and Expenses	Participants in the plan pay a proportional share of these expenses: • Base recordkeeping fee: $______ annually • Services and support systems: $_____ annually • Advisor fee: ______% The plan also charges these individual expenses: • Loans Processing Fee $____ • QDRO: $___ processing fee for each domestic relations order • Distributions: $___ processing fee for each type of distribution • Other expenses: $__ overnight charge • Wire transfer fee: $__ [Discuss any other fees or expenses charged by the plan.] The investment options available through the plan also charge fees. The mutual funds offered in the 401(k) plan have total operating expenses ranging from ___% to ___%.	Costs vary based on services you choose and may include: • Annual account fee [insert fee] • Advisor Fee: [insert fee] • Termination fees For the current fee schedule, see IRA Schedule of Fees. The investment options available through the IRA also charge fees. The investment options offered have total operating expenses ranging from [insert fees]
Other considerations: Loans and distributions	Active employees can take loans from 401(k) plans, but generally not inactive employees. See terms of your 401(k) plan for details. If the investor has an outstanding balance on a loan from his/her employer's 401(k) plan at the time of rollover, the loan will be considered defaulted. The investor will need to pay taxes and penalties on the loan, and that portion of the account balance will not rollover to the IRA. Employers cannot deduct taxes from rollover checks, so the investor is responsible for the balance of taxes the following tax season. The investor will receive a	An investor cannot take a loan from an IRA. An investor under age 59 ½ can take a penalty-free withdrawal for first-time purchase of a home or educational expenses.

	1099R indicating that the loan was a cash payment.	
Other Considerations: Additional Services	Plan may provide access to planning tools, educational resources and phone helpline.	Discuss other fees provided by the Investment Adviser Firm and your investment adviser, such as investment planning, insurance, retirement planning, estate planning, charitable planning, education planning, and personal financial planning.
Other considerations: Estate planning	Many 401(k) plans pay out in a lump sum, so beneficiaries will be required to pay taxes on that lump sum payment.	Beneficiaries can take tax-deferred IRA distributions over their lifetimes and pay lower taxes.

Please acknowledge your receipt of this disclosure by signing here:

Client Name Signature Date

Spouse Name Signature Date

The following are examples of considerations that may be applicable in a potential rollover situation, and are meant for illustration purposes only. Any recommendation to roll over 401(k) assets to an IRA by a financial institution and financial adviser must be supported by the specific financial situation and financial goals of that investor. Considerations include: investor's age, other investments, financial situation and needs, tax status, investment objective, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the investor discloses in connection with the recommendations.

1. Determine whether a rollover is possible. Each plan has conditions that must be met in order to take a distribution. These conditions include:

- Participant is age 59 ½ or older
- Separation from company
- Death

If any of these events have occurred, a distribution may be taken.

Notes:

2. Are there reasons for keeping assets in the 401(k) plan? Considerations include:

- Owning company stock
- Guaranteed income, death benefits could be lost
- Plan fiduciary required to prudently monitor the cost and quality of the investments options
- Employer pays fees and expenses of plan
- IRS penalty-free withdrawals if you're at least 55 years old in the year you left your job
- Assets are protected from creditors in bankruptcy proceedings and plaintiffs in civil lawsuits
- Plan may provide access to planning tools, educational resources and phone helpline
- Need to borrow funds from plan, or have existing loan balances

Notes:

3. Are there reasons for taking a lump sum payment?
   - Immediate need for cash
   - May see significant tax advantage for company stock that has substantially appreciated

   Note: Cashing out prior to age 59½, even due to separation from employment, could have a drastic impact upon the balance of money received and upon income taxes. The IRS assesses a 10% penalty for early withdrawal (prior to age 59½). Further, the 401(k) plan provider will be required to withhold 20% for federal income taxes and 2% to 8% for state income taxes, depending upon state of residence. Additionally, the distribution is treated as taxable income and can possibly bump the recipient into a higher tax bracket.

Notes:

4. Can assets be rolled over to new employer's 401(k) plan, and what are the advantages? (if applicable)
   - Maintains tax-deferred status of savings
   - Plan includes sufficient low-cost, high-quality investment options
   - Fees in employer plan are lower than similar individual accounts
   - Access to loans
   - Employer matches contributions
   - Plan fiduciary required to prudently monitor the cost and quality of the investments options
   - IRS penalty-free withdrawals if you're at least 55 years old in the year you leave your new job
   - Protected from creditors in bankruptcy and plaintiffs in civil lawsuits

Notes:

5. Are there reasons for rolling over 401(k) assets to an IRA? Considerations may include:
   - Access to more diversified investment options

- More flexibility to withdraw funds
- Beneficiaries can stretch an inherited IRA over their life expectancies
- Flexibility to name any combination of beneficiaries
- More control over the account
- Ability to consolidate retirement accounts in one place
- Save on fees and expenses
- Access to additional services such as financial planning and personalized investment advice (if offered)

Notes:

Next Steps:

___ Keep the funds within the existing retirement plan and/or IRA

___ Roll retirement plan assets into an IRA

Need more information:

Personal information:

Notes:

Current retirement plan and/or IRA information:

Notes:

Financial Goal information:

Notes:

Next meeting with client: ________________________________