CONSUMER EDUCATION SERIES

Age-Based, In-Service Withdrawals

Genworth

Things to keep in mind:

- After taking an age-based, in-service withdrawal, some qualified plan providers may cease matching contributions to your qualified plan for a specified period of time.
- You should discuss potential tax implications with your tax advisor before transferring any funds out of your current plan.
- Generally, the tax code permits (though still subject to plan approval) the following types of funds to be rolled over from a qualified retirement plan as part of an age-based, in-service withdrawal:
  - Employer matching and profit sharing contributions
  - Employee after-tax contributions (non-Roth)
  - Employee pre-tax and Roth contributions after the employee attains age 59 ½
- The tax code prohibits rolling over some types of contributions prior to the employee attaining age 59½, including
  - Employer safe harbor match or safe harbor non-elective contributions
  - Employee pre-tax or Roth contributions

Direct Rollover

For federal income tax purposes, qualified plan administrators usually are required to withhold 20 percent of any distributions made directly to the plan participant, even if that participant intends to roll it over within the 60-day time limit. With a direct rollover, however, the funds are transferred from the plan trustee directly to another qualified retirement plan or IRA, and are not subject to this withholding.

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You should ask your independent tax and legal advisors for tax and legal advice based on your particular circumstances.

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Withdrawals may be taxable and a 10% federal penalty may apply to withdrawals taken before age 59½.

There is no additional tax deferral benefit for annuities purchased in an IRA, or any other tax-qualified plan, since these plans are already afforded tax-deferred status. The other benefits and costs should be carefully considered before purchasing an annuity in a tax-qualified plan.

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