

RETIREMENT CHECK-UP



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Should You Consolidate Accounts?





Through the AACPS Supplemental Retirement Program (SRP), eligible employees have access to both a 403(b) plan and a 457(b) plan with several vendors – and that means you may have multiple retirement plan accounts. Additionally, you may have retirement benefits through past employers.

If you have more than one retirement account, should you consolidate them all to a single account?

There are pros and cons to consolidating your retirement accounts. Whatever choice you make, consider discussing your financial goals with a qualified financial advisor.



One Account: Pros

There are many reasons you may want to consolidate your retirement program accounts into a single account, including:

-  **Investment management** – With multiple plans and multiple vendors, you likely have multiple investment options. While some people may like the variety of investment options, tracking and managing multiple plans can be challenging.
-  **Account management** – Multiple accounts mean multiple account statements, forms and other documents that you may be responsible for completing and returning. For example, if you move to a different home, you may have to submit a change of address form to multiple vendors, which can be time consuming and tedious.
-  **Fees** – With every vendor, you pay fees to manage your account(s) and investments. You may be able to reduce the fees you are paying by consolidating your accounts with a single vendor.
-  **Distribution** – When it comes time to access your retirement funds, it may be a hassle trying to work through multiple plans, provisions and providers.

One Account: Cons

Just as there are many reasons you may want to consolidate your retirement program accounts into a single account, there may be some reasons to keep your accounts separate, including:

-  **Diversification** – Having multiple accounts with more than one vendor can help to manage your risks by diversifying your options. Each vendor is likely to have different investment options, allowing you to pick what you like best from each vendor. Consolidating to one account will limit you to that single vendor's options.
-  **Loans/withdrawals** – Different plans and different vendors have different loan and withdrawal provisions on retirement benefits. Before you consolidate to a single plan, you may be required to repay any outstanding loans. Depending on your situation, it may be best to keep more than one account.

Ready to Consolidate

If you are ready to consolidate your retirement benefits into a single AACPS SRP option, see the chart for guidance:

IF YOU ARE A...	ENROLLED IN...	YOU MAY...
Current active employee or a former employee	SRP's 403(b) plan with multiple vendors	Request a transfer between vendors. An in-service exchange certificate through Retirement Manager is required.
Current active employee or a former employee	SRP's 457(b) plan with multiple vendors	Request a transfer between vendors. An in-service exchange certificate through Retirement Manager is required.
Current active employee or a former employee	A former employer's qualified retirement plan	Request a distribution from the former employer's plan and roll it into your existing 403(b) or 457(b) account. An in-service exchange certificate through Retirement Manager is required.
Current active employee	Both the SRP's 403(b) and 457(b) plans, and want to consolidate all to the 403(b) plan	Take a one-time withdrawal from the 457(b) of up to \$5,000 if no contributions have been made to the account during the last two years. Then you may roll those funds into your 403(b) account. Note: You may not roll over more than \$5,000, and no distributions are allowed while you are continuing to make contributions to the account.
Current active employee	Both the SRP's 403(b) and 457(b) plans, and want to consolidate all to the 457(b) plan	Withdraw your funds from the 403(b) if you are at least 59 ½ and roll those funds into your 457(b) account.
Former employee	Both the SRP's 403(b) and 457(b) plans	Take a distribution from one of the plans and roll it over to the other existing plan account. A Severance of Employment Certificate is required through Retirement Manager.
Former employee	Special Pay Plan	Take a distribution and roll it over to either an existing 403(b) or 457(b) plan account.

2017 IRS LIMITS*

The Internal Revenue Service deferral contribution limits apply to our supplemental retirement program (SRP). The limits for 2017 are:

403(b) Elective Deferrals	\$18,000
457(b) Elective Deferrals	\$18,000
Catch-up Contributions	\$6,000
Defined Contribution Limits	\$54,000
Annual Compensation	\$270,000
Highly Compensated Employee Threshold	\$120,000

*Deferral limits do not impact the consolidation of accounts.