# 2025 · SHOULD I ROLL OVER MY DORMANT TRADITIONAL 401(K)?

TrustStone Wealth Partners

**START HERE**

After reviewing your Summary Plan Description and investment options, are you satisfied that your plan is well-managed and meeting your needs?

Yes

No

Consider rolling the 401(k) into an active 401(k) or IRA.

Consider leaving your account where it is, but be mindful of automatic distribution rules that may apply (if your balance is under $5,000).

Now consider if any of these scenarios might apply to your situation:

You want the option to contribute to this account in the future.

You can only contribute to an active 401(k) account.

Consider rolling the 401(k) into an active 401(k) or IRA.

None applies.

You have a 401(k) loan. If rolled over, the balance of the loan should be repaid by the due date of your tax return for the year you left your employer (including extensions).

Your account holds company stock. There may be special tax benefits utilizing Net Unrealized Appreciation options.

Consider rolling the company stock into a taxable brokerage account to minimize taxes.

You will pay ordinary income tax on the basis of the shares (and a 10% penalty, unless an exception applies).

You are taking an RMD or will soon reach your RMD age.

You could simplify the process by consolidating 401(k)s and IRAs.

Now consider if any of these scenarios might apply to your situation:

You are over the age of 59.5 and want income.

Distributions from a 401(k) or IRA are taxable as ordinary income but there is no 10% penalty.

1) You left your employer at the age of 55 or older. 2) You are age 50 or older, and you are a qualified public safety employee (including state/local correctional officers, private sector firefighters, or forensic security employees). 3) You are under the age of 50 but are a qualified public safety employee with 25+ years of service for a single employer.

Consider leaving the assets at the 401(k) as you may qualify for a "separation from service" distribution.

Distributions are taxable as ordinary income but there is no 10% penalty.

You are younger than 59.5 and want income.

Consider these four options:

Take a loan. Loans are not available from dormant 401(k) accounts.

Consider rolling the 401(k) into an active 401(k) that allows for loans.

Substantially Equal Periodic Payments. You may be able to elect a series of withdrawals from your 401(k).

Consider making this election if allowed under your plan, or rolling the 401(k) into an IRA to make the election.

Distributions are taxable as ordinary income but there is no 10% penalty.

Hardship withdrawal. This feature is only available if rolled into an active 401(k) account and only applies to qualifying expenses.

Consider rolling the 401(k) into an active 401(k) account that allows for hardship withdrawals.

Distributions are taxable as ordinary income and may be subject to a 10% penalty (unless an exception applies).

Rollover to an IRA. Distributions from an IRA are taxable as ordinary income and may be subject to a 10% penalty.

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**TrustStone Wealth Partners, LLC**
101 Glen Lennox Dr Suite 300, Chapel Hill, NC 27517
Info@TrustStoneWealth.com | (919) 913-8191 | https://www.truststonewealth.com