ESL Investment Services

EMPLOYEE FINANCIAL EDUCATION

Consolidating Your Retirement Accounts

Having all of your money in a single account can make your life so much easier!

It has been said that squirrels will lose anywhere from 10-30% of the nuts that they hide away for safekeeping. While their effort to store food for the winter is valiant, if their precious resources are left behind, it doesn't do much for their future. A similar story can be told for forgotten 401(k) accounts.

29.2 million
FORGOTTEN 401(K) ACCOUNTS

$55,400
AVERAGE BALANCE

$1.65 trillion
IN ASSETS LEFT BEHIND

How many jobs have you had in your career? A few? A dozen? Maybe more? Over time, those jobs can add up—and so can forgotten 401(k) accounts.

Nearly **29.2 million** 401(k) accounts have been forgotten with an average balance of **$55,400**. That's **$1.65 trillion** left behind! [1]

What to do with all those old 401(k) accounts?

You have options:

1. Leave the accounts where they are
2. Roll one or more accounts over to your current employer's 401(k)
3. Cash-out the account value
4. Roll one or more into an Individual Retirement Account (IRA)

Consolidating your accounts can help make your life easier.

1 Capitalize. "The True Cost of Forgotten 401(k) Accounts." Jun. 2023.

Five reasons to consolidate:

Want to simplify your financial life? Start by consolidating your retirement accounts.

1 Reduce confusion

Managing multiple accounts across several institutions can be confusing. The fewer retirement accounts you have, the easier it is to keep track of your savings and stick to one consistent, cohesive investment strategy.

2 Potentially reduce fees

If you have multiple accounts, you might be paying more in fees than you need. Each account could be subject to the same fees, so consolidating accounts may help save you money!

3 Simplify mandatory withdrawals

Starting at age 73, the IRS says you must make required minimum distributions (RMDs) from specific retirement accounts, including 401(k)s and Individual Retirement Accounts (IRAs). Having your retirement savings in a single account can help you simplify RMDs and avoid potential costly tax penalties.

4 Don't get forced out

When you leave a job with a 401(k), your employer must follow IRS and plan rules which may include a "force-out" provision that requires you to take your money out of the plan if your vested balance is less than $7,000. By consolidating your accounts, you are proactively taking control of your hard-earned savings.

5 Watch your savings grow

A bonus of that larger balance? Having all your retirement savings in one place provides the opportunity to clearly see the effects of real time account valuation over time.

Have questions? Contact our team. We can help you understand your options.

ESL Investment Services℠

Employer-Sponsored Retirement Plans Team

ESL Investment Services
225 Chestnut St.
Rochester, NY 14604

585.339.4343
retirementplans@is.esl.org
www.esl.org/wealth/investment-services