Shankland
Financial Advisors, LLC
Registered Investment Advisor

Education and Disclosure Form for Retirement Plan Rollovers to IRAs

Rolling over your 401(k) into an individual retirement account (IRA) is a key step in the retirement planning process for many people. Careful consideration is necessary when determining if this is your best option.

Making the Right Decision

There are many factors to consider when making the decision to rollover your 401(k) and it is necessary to examine each of them with respect to your current status and financial goals to make an informed decision.

1) How will your retirement account be managed?

   A critical aspect of retirement planning is determining the best management avenue. It is important to evaluate your personal knowledge level against the utilization of a trained professional with market and industry knowledge and the experience to assist in the determination of risk versus reward.

   <u>Self-Management</u>

   If you intend to manage your retirement account yourself, you have the option of keeping the money in your 401(k). Key elements to consider when evaluating your current plan against the options of another custodian include investment selections, costs, service level, technological interface and visibility.

   <u>Professional Management</u>

   If you intend to use an investment professional, you may have the option of keeping the money in your 401(k) or current retirement plan. It is important to note that this option is limited to the plan options your company has pre-selected. The wide variety of investments available with an IRA will not be available and this may be a contributing factor when deciding to rollover into an IRA. If your investment professional doesn't offer this option, it may be necessary to move your money to an alternate custodian which may include other benefits.

   a. Maintaining your 401(k) – If you intend to have your preferred investment firm or investment professional manage your investments within your 401(k), you will want to evaluate the service level to determine the differences as well as the costs associated with this option.

   b. Rollover to IRA – You may intend to rollover your 401(k) to your preferred firm or investment advisor's custodian/platform if they do not offer the ability to manage your retirement account through your employer's custodian, if the cost of doing so outweighs the benefits or if you desire a wider range of options with respect to investment of your retirement assets. In many cases, rolling over your 401(k) to the custodian or platform your investment professional prefers is more cost effective and efficient in terms of the standard trading tools used for market research, portfolio management, distributions, etc.

2) How and/or when do you plan to use the funds in your retirement account?

In general terms, this question pertains to transactions. Typically, the more transactions you plan to make, the higher the cost of maintaining your retirement account within your employer's (or former employer's) custodian. Retirement plans often incur an expense for each distribution and this expense is usually passed down to the participant. These expenses can become costly if you have a number of distributions or transactions. This expense offsets the cost of creating and tracking distributions, generating tax documents, and producing compliance records/reports associated with most investment advisors.

In some cases, the participant does not intend to make changes to their holdings or request any distributions. If the cost of the retirement plan is less than what you'd find elsewhere, it might be better to keep the money in the retirement plan.

3) Does your Retirement Plan have any special features?

Some retirement plans have special features or advantages over an IRA. These vary by state and employer. Some of the standard features of many retirement plans have been listed below, but you should review your 401(k) plan in its entirety when determining the benefits of special features.

a. Protection from creditors and lawsuits (depending on the state of residence)

   In some states, Illinois for example, 401(k) plans are protected from debt collection or lawsuits

b. Short term loans (five years or less)

   Participants are often eligible to take a short term, low interest loan against their 401(k) for any reason regardless of credit history.

c. Loan to purchase primary residence

   The purchase of a primary residence falls into a special loan category allowing for a longer term.

d. Tax favored distributions for participants between the ages of 55 and 59½

   Distributions during this age bracket may not be taxed as early distributions.

e. Employer's stock

Participants may be eligible to pay significantly less taxes for employer's stock that is held in their 401(k) and treated as capital gains rather than ordinary income.

f. Delayed Required Minimum Distributions (RMD)

RMDs may be delayed if you are still working for the employer under which you made the contributions.

g. Rate of return

Some pensions offer above-market rates of return in comparison with private annuities. The implied rate of return should be calculated prior to rolling over a pension.

Payouts should be thoroughly analyzed because a single payout that does not cover a spouse or beneficiary will be higher than a joint payout. If an individual is married, the spouse will need to be taken into consideration in the calculation. It is critical when choosing pension options to thoroughly evaluate the choices available to the family upon the death of a covered individual, since pension assets can be substantial. It's important to ensure that a lump sum payout could be available for the appropriate beneficiaries.

4) Do IRA's have any special features?

a. No costs associated with unnecessary services

The costs associated with 401(k) plans may be higher or lower than an IRA. In a 401(k), certain expenses often are passed on to the participants, many of which do not benefit the participant (e.g. compliance, audit, record keeping and plan administration). There is no cost associated with these tasks in an IRA.

b. Broader selection of investments

IRA plans have access to a significantly higher number of investment options than a 401(k) or employer retirement plan which is limited to the options pre-selected by your employer. Some plans offer outside "brokerage" accounts to gain access to more investment choices, but these can be quite costly and are still limited to the additional options chosen by the employer. In contrast, rollout to an IRA allows for the benefit of every option available in the investment arena.

c. Individualized investment advice

Retirement plans are generally not allowed to offer personalized advice. You are required to make your selections on your own and this can lead to a disadvantage versus working with a knowledgeable, trained advisor.

d. On-going management

Investing with an IRA enables you to have an investment advisor monitor your holdings and make changes as necessary to help you achieve your goals. This will generally incur a cost which can be paid by the account.

e. Account consolidation

Centralizing your accounts under one investment adviser is often more convenient if you have multiple retirement accounts associated with different employers. Accounts with higher assets usually qualify for reduced fees and the positions can be better coordinated with less duplication.

f. 60-day rollover

IRA distributions that are repaid within 60 days are not subject to a tax liability (limit one per year) allowing participants to 'borrow' against their retirement account without penalty if the money is only needed for a short time.

g. Reduced paperwork

Money in an IRA can be accessed without completing all of the paperwork necessary with a 401(k).

h. No cost distributions

Most IRA accounts do not have a cost for distributions. 401(k) plans may charge as much as $100 per distribution.

i. Quickly and easily transfer money

Moving money in and out of your account can be completed with one phone call to your advisor as retirement accounts managed under the advisor's platform are linked to your bank account at set-up to for asset relocation as desired.

SIGNATURES

I have carefully read this disclosure and I understand the advantages and disadvantages of rolling over my retirement plan to an IRA.

____________________________________ __________________
Signature of Retirement Plan Owner Date

After considering my situation and weighing the benefits and shortfalls of each option, I have decided to roll over my 401(k) or employer sponsored retirement plan to an IRA under the management of Shankland Financial Advisors, LLC.

Signature of Retirement Plan Owner Date

I understand that Shankland Financial Advisors, LLC may benefit from fees for managing my IRA.

Signature of Retirement Plan Owner Date

I understand that Shankland Financial Advisors, LLC may have a higher cost for managing my IRA versus leaving the money in my retirement plan.

Signature of Retirement Plan Owner Date

Shankland Financial Advisors, LLC is a fiduciary of its clients, meaning our client's best interests are placed ahead of the company and its employees. All business transactions are executed within this framework.

Advisor Date