

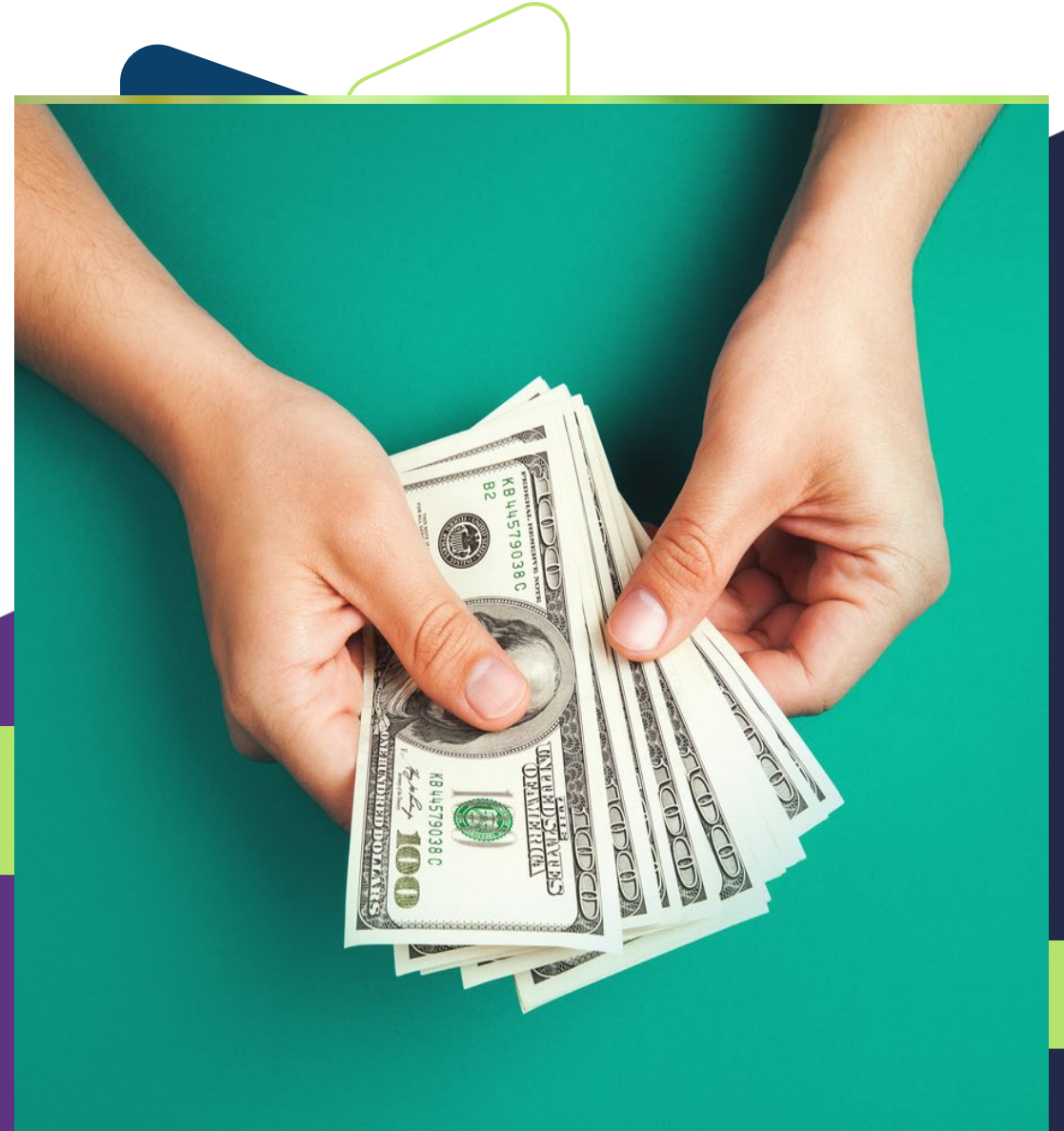


WEBINAR SERIES

# Distributions 101

What You Need to Know  
about Loans, Hardships,  
and Rollovers

\*The material in this presentation is being provided for educational purposes only. It should not be construed as providing legal, investment, or tax advice and is not designed to be complete in all material respects.



# Meet Our Team

Alexander Ceceñas

Slavic401k Retirement Plan Manager



A person is shown from the chest down, wearing a grey sweater, counting stacks of US dollar bills. The person's hands are holding several stacks of bills, including a prominent \$10 bill. On the wooden desk in front of them are several more stacks of bills, a laptop, and a calculator. The scene is dimly lit, with a soft light source from the left. A semi-transparent white rectangular box is overlaid in the center of the image, containing the word "DISTRIBUTIONS" in white, bold, sans-serif capital letters.

# DISTRIBUTIONS

# 401(k) Withdrawal Distribution Rules

- You must reach age 59 ½ or subject to penalty fees
- You leave job due to death or become disabled
- Plan is terminated and isn't replaced by a new one
- You experience a financial hardship
- You need and qualify for a loan
- RMD at age 73
- Distribution types: Lump-sum or periodic distributions



# Be Mindful of Early Distributions



## 10% Penalty

If you withdraw funds before age 59½, you typically face a 10% early withdrawal penalty.

## Taxable Income:

Early withdrawals from a 401(k) are generally considered taxable income.

## Higher Tax Bracket:

The additional income from the withdrawal could push you into a higher tax bracket, increasing your overall tax liability.



# Rule of 55



## Age:

The Rule of 55 allows penalty-free withdrawals if you leave your job in or after the year you turn 55.

## Work:

This includes employees who were laid off, fired or who quit their job between ages of 55 and 59 ½

## Retirement Plans:

This rule applies to 401(k) and 403(b) plans but not to Traditional or Roth IRAs.

# Penalty-Free Exceptions

Medical Expenses: Unreimbursed expense over 7.5% of AGI

First-Time Home Purchase: Up to \$10,000

Birth/Adoption: \$5,000 per child

Emergency: Up to \$1,000 per year

QDRO Court Order: Required to split 401(k) with ex-spouse

Domestic Abuse Survivor: Up to \$10,000 or 50% of account

Terminal Illness or Permanent Disability

Higher Education Expenses

Other Exceptions: Death, IRS levy, Disaster Recovery

**Bottom Line:**

**Be sure to consult your tax consultant**





# The 4% Rule

Suggests that retirees can withdraw 4% of their retirement investment portfolio each year without running out of money, assuming they have moderate investments and a 30-year retirement.





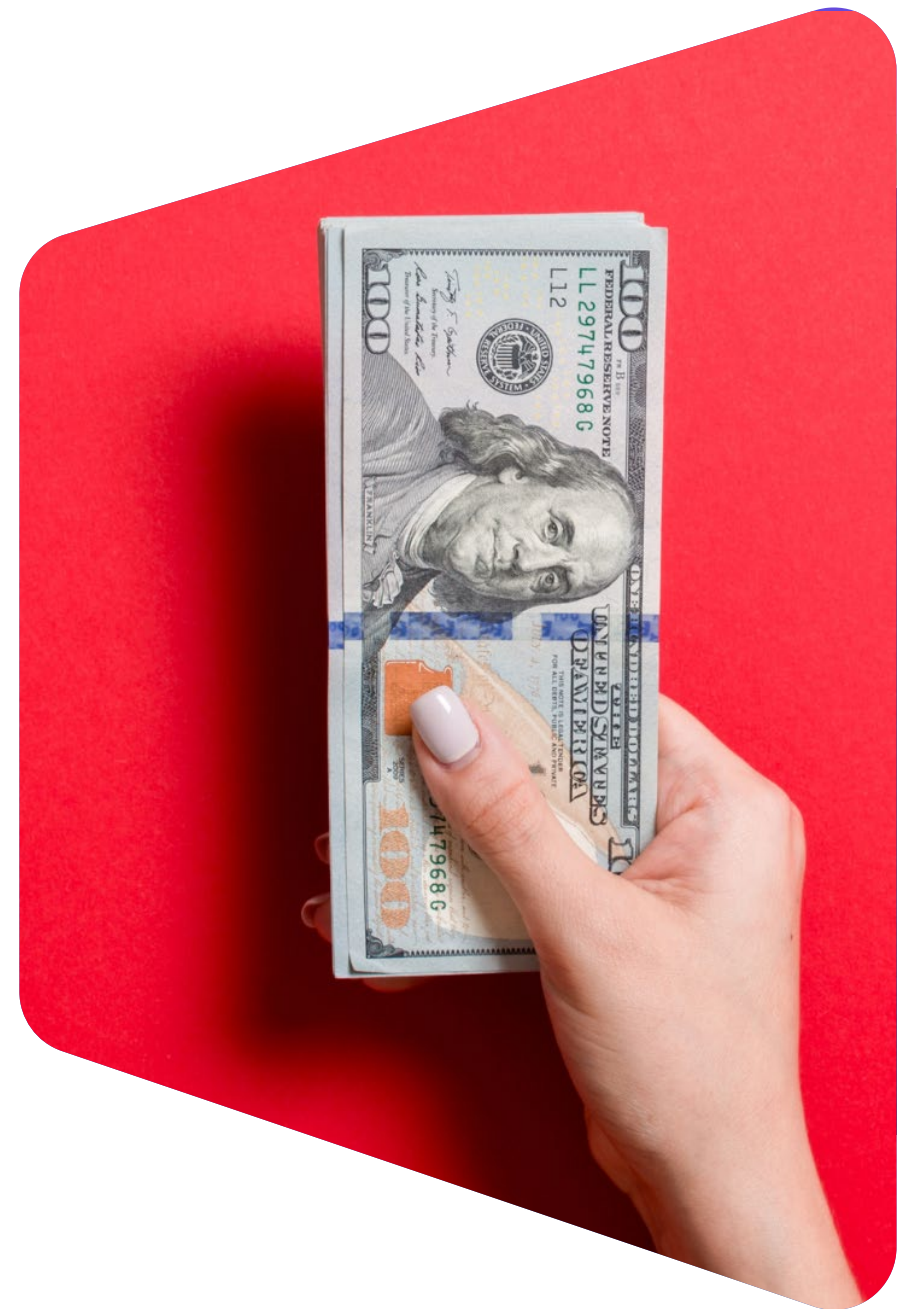
# LOANS

# 401(k) Loans

Borrow money from your retirement savings and pay it back to yourself over time, with interest. The loan payments and interest go back into your account.

Pro Tip: A 401(k) loan may be a better option than a hardship withdrawal.

Slavic401k Loan Minimum Amount is \$1,000



# 401(k) Loan vs. Withdrawal



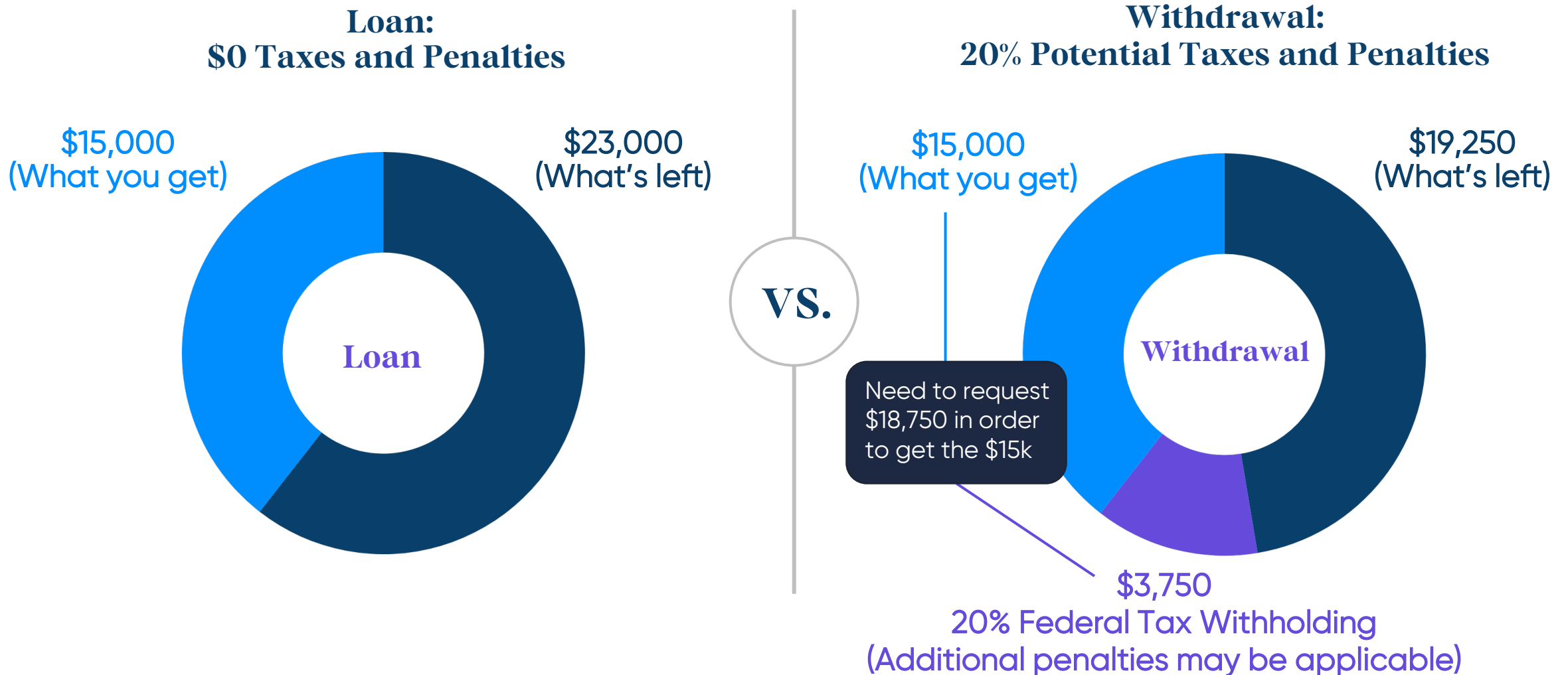
## Loans

- \$50K Max allowed or 50% (whichever is less)
- Faster access to funds
- No credit check (for loans)
- 5-year repayment period, while at same job
- Interest Only (no taxes or penalties if repaid as agreed)

## Early Withdrawal

- Unlike a loan, there is no max amount required
- Permanently removes funds
- Subject to Income Tax
- 10% penalty if under 59½ unless exceptions apply
- Typically, must withhold 20% of the withdrawal for taxes.

# If You Need \$15k from \$38k Balance



A woman with her hair in a bun, wearing a blue and white striped shirt, is sitting on a couch in a living room. She is looking down at a document she is holding, with a pen in her hand. In front of her is a coffee table with a laptop, a glass of tea, and a calculator. The background shows a brick wall and a window with a plant.

# HARDSHIP WITHDRAWAL

# Hardship Withdrawal

**Taxed as Income:** Plus 10% penalty if under 59½

**IRS Authorized:** Plan decides if allowed

**Eligible Immediate Need:** Limited to necessary amount

**Qualified Circumstances Only:** College tuition (yes), car upgrade/vacation (no)

**Employer Paperwork:** Required to prove hardship

**Differences from Loans:** No repayment, no interest



# Surprising Insights About Hardship Withdrawals



## BANKRUPTCY PROTECTION

Don't cash out your 401(k) if you might end up filing for bankruptcy – That money is protected.



## IRS RELEASED NEW RULES

The 6-month suspension on account contributions has been lifted.



## DON'T CLAIM A FALSE HARDSHIP

FYI, claiming a false hardship withdrawal can range from fines, tax implications, or even jail time.



## LONG-TERM CONSEQUENCES

Financial vulnerability, potential debt, extended work, lifestyle changes.





# ROLLOVERS



# Rollovers and Changing Jobs

## 4 Basic Options Upon Separation of Company

- 1 Stay in plan
- 2 Rollover to a new retirement 401(k) provider
- 3 Rollover to an IRA account
- 4 Cash out



# Benefits of Consolidating

## Rollover Plan From Previous Jobs:

- Manage retirement savings efficiently
- Ensure appropriate level of risk
- Get a handle on overall savings progress
- Potentially pay less in account fees

## To Rollover Your Retirement Account:

Contact your prior employer or service provider to initiate a rollover. Contact Slavic401k support at 800-356-3009



---

## Strategies for Effective Management Rollover

---

- ✓ Keep Retirement Funds in Retirement Accounts: Consolidate to avoid multiple fees.
- ✓ Retirement Planning: Start mapping out your plan.
- ✓ Updated Beneficiaries
- ✓ Age 59½: Implement bigger strategies, seek advisor help.
- ✓ Annual Contribution Rate 10-15%: Ensure enough assets for retirement.
- ✓ Bespoke Advice: Update robo advisor settings regularly.

# Please Be Aware..

- Withdrawals subject to 20% fed tax withholding and in some cases, state
- If you cash out retirement savings there is risk:
  - inflation risk
  - Risk of running out of retirement funds
  - lost buying power...



Example Illustration only

## Example of Investment in the Market Over 20 Years

S&P 500 (^SPX) Total Return Growth



\*The material in this presentation is being provided for educational purposes only. It should not be construed as providing legal, investment, or tax advice and is not designed to be complete in all material respects.

## In Other Words...

❌ Don't cash out \$30k for a Disney trip!

If given a choice about what to do with an old 401(k)...we recommend rolling over! Consolidate your funds into one place for easier management of your retirement savings.



# Helpful Resources

Take Action: [401\(k\) Options Guide](#)

Read About It: [Your Options for Rolling Over A 401\(k\)](#)

IRA Solutions: [Roll my 401\(k\) into an IRA Now](#)

Calculate: [Should you borrow from a 401\(k\) or 403\(b\)?](#)

Watch Video: [How to Request a Distribution or Rollover from Your 401\(k\)](#)

Watch Video: [How to Request a Loan from Your 401\(k\)](#)

Watch Video: [How to Request a Hardship Withdrawal from Your 401\(k\)](#)

Get Help: [Talk to our Support Staff](#)

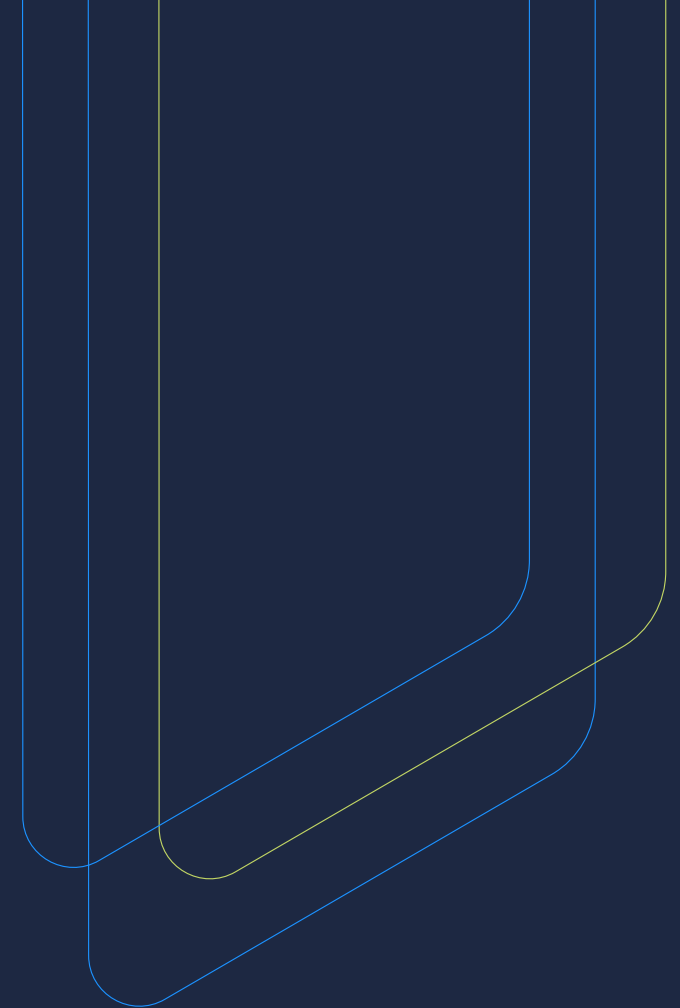


**Be sure to chat with your tax consultant!**



# Questions?

This webinar presentation will be shared with the attendees and available online at [Slavic401k.com](https://Slavic401k.com)



Have more questions.. Visit [slavic401k.com/support](https://slavic401k.com/support)





# Thank you!

Sign up for our full Webinar Series  
at [Slavic401k.com/events](https://Slavic401k.com/events)



\*The material in this presentation is being provided for educational purposes only. It should not be construed as providing legal, investment, or tax advice and is not designed to be complete in all material respects.

