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Where Will You Roll?

It's become a cornerstone of prevailing wisdom: Be sure to roll the money in your employer-sponsored retirement plan into an IRA when you separate from your employer. This smart move can help preserve tax benefits and avoid tax penalties, plus make it easier to keep track of your retirement assets. Perhaps this is why most IRA assets come from lump-sum rollovers rather than annual contributions.¹

But an IRA rollover is just the beginning. An IRA is not really an investment in itself, but rather a special type of account that can be invested in thousands of ways. When you roll money into an IRA, the custodian will typically put it into a default investment fund until you specify otherwise.

Considering that mutual funds manage the largest share of IRA assets (see pie chart), here's a roundup of some mutual fund options.²

Stock funds typically pursue investment gains by trading stocks issued by domestic and/or international companies. This type of fund is usually appropriate for investors who have long-term goals and a higher risk tolerance.

Bond funds trade debt securities. These funds usually appeal to investors who are seeking to preserve their principal while also earning income. Bond funds are subject to the same inflation, interest-rate, and credit risks associated with the bonds that they trade.

Balanced funds usually own a combination of preferred and common stock, as well as bonds with varying maturities. They are appropriate for investors who are seeking income potential and capital appreciation. Balanced funds are also known as *hybrid funds*.



The value of mutual fund shares fluctuates with market conditions. Shares, when sold, may be worth more or less than their original cost. Distributions from traditional IRAs and most employer-sponsored retirement plans are taxed as ordinary income and may be subject to a 10% federal income tax penalty if taken before age 59½.

Whether you are preparing for an IRA rollover or simply looking for the appropriate investment vehicles for an existing IRA, it's likely that there is a mutual fund that can fit your needs.

Mutual funds are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

For more information or for an evaluation of your own retirement savings plan, contact **Jason M. Woodward, J.D.** today at (603) 264-7550 or financialattorney@gmail.com.