IRA ROLLOVERS

We're financial advisors, not playwrights. We're also not mind-readers, so although we don't know for sure, we think it likely that you don't always have time for a face-to-face meeting with us. If you have funds in a retirement plan or IRA that you're considering rolling over or transferring to another employer-sponsored retirement plan or IRA, you have much to think about.

For those with more rollover questions than free time, we created a sample dialogue that might occur were your Leonetti planner and you to meet or have a phone conference to discuss some of the factors you should consider when deciding whether to keep your retirement plan account (or IRA) where it is, or roll or transfer it to another provider and perhaps investment advisor as well. We list some of those factors in our general circulation educational articles "The Retirement Plan Rollover Decision; A Non-Exhaustive List of Factors to Consider", and "The IRA to IRA Rollover Decision; A Non-Exhaustive List of Factors to Consider". Those articles are listed in the drop-down menu of the L&A Communications tab on our website: **leonettiassoc.com**.

Even though the following dialogue is a sample, it's message rings true: Whether your Leonetti planner and you meet or have a phone conference to discuss your rollover questions, in the end it is you who must decide between keeping your account where it's at or moving it elsewhere. You must make that call, because only you know how the factors to consider when making that call measure up *for you*.

And so, without further ado . . . .

[You] "What should I do? Should I keep my money where it is, or roll it to an IRA that you'll manage for me?"

[L&A] "I apologize, but I can't tell you what to do."

[You] "Why can't you? You're the expert."

[L&A] "First, let's recognize the conflict of interest here: Our firm will earn asset management fees if you roll your account to an IRA that we manage for you. So, you should consider anything I say with that as backdrop."

"Moving on from there, I'm not an expert; I'm an advisor. I never thought anyone could rightly call themselves an expert when it came to all that Department of Labor fiduciary rule material. Look, the Department took years and 1,023 pages to make that one rule, and then said further guidance might be coming! Now that the Department of Labor rule has been vacated, the SEC is trying to come up with its own fiduciary guidance. But let's not get caught up in labels. Think of it this way: You might ask me what to do with your will or trust, but it's your money. I can't tell you who should get what."

[You] "Okay, I'll concede the point. But, once I tell you who should get what, you could tell me tax-efficient ways to accomplish that, right?"

[L&A] "Yes, but we're not just talking about tax efficiency here. You read our Rollover Decision newsletters. There are many factors to consider, taxes being just one. And, while I'm confident that you'll find those newsletters helpful, as we there said, it's very likely not possible to make a list of rollover factors to consider that everyone would agree is "all-inclusive."

[You] "Well, the advisor down the road from you didn't seem to have a problem giving me a recommendation."

[L&A] "Did the advisor consider all the factors mentioned in our Rollover Decision newsletters? What other factors did the advisor consider? Did the advisor tell you the importance accorded each factor? Even then, what matters are the factors *you* consider important."

[You] "What do you mean?"

[L&A] "Maybe the advisor down the road is the kind of person that wants to always go for what they think will provide the biggest return, even if that means carrying debt. So, if the advisor has a $200,000.00 home mortgage that costs 4%, $200,000.00 in the bank, and thinks they can earn 6% on their investments, the advisor will likely carry the mortgage and invest the $200,000.00. Maybe you're the type of person that doesn't like having debt; you sleep better and have much less stress knowing you're debt-free. So, you retire your mortgage, even though you're giving up the chance to make money on the 2% interest-rate spread. I'm trying to keep this simple to make a point, so I'm not mentioning all the other things you'd want to consider."

[You] "But we're talking about my retirement money; not my mortgage."

[L&A] "I know. As I said, I was trying to make a point. Perhaps the advisor based the recommendation primarily on investment costs, or investment options, because as an investment advisor, investments are top of mind. But, *maybe the most important thing to you* is making sure your retirement nest egg is protected for your children and grandchildren. Maybe to better assure that that's what happens, you want to have a trust be the beneficiary of your account when you pass on. The advisor, however, didn't know that, either because you didn't say anything, or the advisor didn't ask. How will you feel if you go with the provider the advisor thought had the better investment options, and then learn that the provider either doesn't allow naming a trust in general or the trust design you have in particular to be named the account's beneficiary?"

"Perhaps the advisor thought a rollover IRA would give you investment options better than what's now available for your account. *You*, on the other hand, have legitimate concerns about being sued. So, even if the advisor is right about the investment options, maybe you have better creditor protection by staying put."

"Aside from all that, how likely is it that the advisor had all the cost information for your plan account or IRA? For example, just because you don't see a deduction from your plan account balance for plan expenses, you may be paying for plan expenses through the annual mutual fund expenses of the funds the plan makes available to you. And what happens when the fund menu (and mutual fund expenses) change?"

[You] "I understand. So, you're not going to tell me what I should do, right?"

[L&A] "You really do need to be the one to make that call; that decision has to be yours alone. After all, you are the only one who knows how all the factors measure up for you."

[You] "I see. So, you're saying I should get out a piece of paper, make two columns ─ one called stay in the plan/IRA and the other called roll out of the plan/IRA ─ put each factor as I see it in one column or the other, and then go with whatever column has the most factors?"

[L&A] "No, that's not what I'm saying."

[You] "But didn't you say that I'm the only one who knows how all the factors measure up for me?

[L&A] "Yes, I did say that. But how things measure up doesn't mean that each factor necessarily has equal weight. Remember, I said you must consider how important *each* factor is to *you*. Look, I'm sure you could list many things you could do with the money you spend on insuring your home, but losing your home to fire probably outweighs all of them put together so you spend the money on the premium, right?"

[You] "You're right. You know, you're not making this easy for me, but you are making this easier."