U.S. Department of Labor
Employee Benefits Security Administration Advisory Council
on Employee Welfare and Pension Benefit Plans

"Model Notices and Plan Sponsor Education on Lifetime Plan Participation"

Wednesday, August 19, 2015

Liaison Capitol Hill Hotel
315 New Jersey Avenue, NW
Washington, DC 20001

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Council Chair Secunda, Issues Chair Cohen, Vice Chairs Cutlip and Hanney, and Council Members:

The Financial Industry Regulatory Authority (FINRA) appreciates the opportunity to respond to questions concerning "Model Notices and Plan Sponsor Education on Lifetime Plan Participation" posed by the U.S. Department of Labor's Advisory Council on Employee Welfare and Pension Benefit Plans (ERISA Advisory Council). Our comments focus on lessons learned from research funded by the FINRA Investor Education Foundation (FINRA Foundation) and the numerous outreach and educational initiatives that FINRA and the FINRA Foundation currently have underway—and are not limited to the context of employer-sponsored retirement plans under ERISA.

FINRA and the FINRA Investor Education Foundation

FINRA is the largest non-governmental regulator for all securities firms doing business with the public in the United States. FINRA oversees more than 4,030 brokerage firms and more than 638,320 registered securities representatives. We touch virtually every aspect of the securities business—from registering and educating industry participants to examining securities firms; writing rules; enforcing those rules and the federal securities laws; informing and educating the investing public; providing trade reporting and other industry utilities; and administering the largest dispute resolution forum for investors and registered firms.

FINRA believes that investor education is a critical component of investor protection—and that we are uniquely positioned to provide valuable, unbiased educational information and tools to retail investors. Over the last decade, we have developed a strong outreach program, including producing alerts, interactive tools and Web content to help investors make informed financial decisions. Our BrokerCheck tool, for example, provides investors with a quick way to check a broker's disciplinary and professional background. Encouraging people to take this simple step before doing business—or continuing to do business—with a broker is part of our greater commitment to protecting investors.

In 2003, FINRA created the FINRA Investor Education Foundation, which seeks to provide underserved Americans with the knowledge, skills and tools necessary for financial success throughout life. To date, the FINRA Foundation has approved more than $100 million in financial education and investor protection initiatives of national scope and significance through a combination of grants as well as targeted projects managed directly by FINRA Foundation staff.

Executive Summary

American consumers are not monolithic, which means mass-market, one-size-fits-all materials are less likely to yield desired results than those specifically tailored to a targeted audience. In creating financial education content and encouraging investors to use helpful tools, FINRA's Office of Investor Education (OIE) and the FINRA Foundation utilize social marketing principles and integrate behavioral economics concepts whenever possible. We describe these processes in detail below. We also highlight relevant findings from FINRA Foundation-funded research and provide examples of FINRA Investor Alerts on retirement-related topics.

Based on the collective experience of OIE and the FINRA Foundation, we encourage the Council to consider the following as it prepares draft recommendations to the Secretary of Labor on model notices for participants to foster lifetime participation in ERISA plans and educational materials for sponsors:

- Keep messages and materials short and simple.
    - Focus on one key issue or action, use plain language and be sure to define or clearly explain legal terms and complex concepts.
    - Avoid the tendency to include every conceivable messaging component in a single document or marketing campaign.
    - Layer information to better highlight the most pertinent information while allowing for additional mandatory or voluntary information. For web-based communications, this includes linking; for print, consider judicious use of call out boxes or fonts and colors to surface key points (such as deadlines or action steps).
- Design model notices for participants and sample educational materials for sponsors that build upon the principles of social marketing, including:
    - segmenting the target audience (by, for example, life stage, level of experience, length of time in the plan, age, gender, income bracket or some combination of these);
    - testing which messages lead to behavior changes for each audience segment;
    - refining messages and adjusting message sequencing accordingly; and
    - encouraging evaluation.
- Whenever possible, consider engaging a variety of communications channels to reach workers, from text message reminders to pamphlets to employee messaging in public spaces (like break rooms).
- Recognize the link between financial decision-making and psychological biases, and be sure to balance emotional and logical appeals in notices and educational materials.
- Align message delivery with key milestones in the worker's life—anniversaries, birthdays, pay raises or promotions. Consider messages that foster communication about retirement savings with the worker's spouse or partner.
- Whenever possible, provide an opportunity to act when delivering messages that encourage action (for example, an email acknowledging a promotion or annual pay increase might include a "pay yourself first" message suggesting the employee increase their retirement plan contributions and link to the plan provider's website). Such small nudges and reminders can yield significant results.

Principles for Creating Effective Financial Education Materials

FINRA's OIE and the FINRA Foundation regularly create or review educational materials and tools aimed at a wide range of U.S. adults, including low- to moderate- individuals and younger workers as well as seasoned retail investors. We use the principles of social marketing to guide our work—and we strive to integrate lessons learned from behavioral economics.

Social Marketing Principles

Social marketing involves the application of commercial marketing concepts to the planning, delivery and assessment of efforts aimed at changing the voluntary behavior of target audiences, where the desired behavior change typically involves improving one's personal welfare.[1] The concept recognizes that efforts to eradicate social problems—such as promoting seat belt usage to reduce motor vehicle deaths and injury or encouraging retirement savings—demand behavior change, not merely changes in attitude or understanding.

Fostering behavior change at an individual level requires deep knowledge of your target customer—and this, in turn, involves understanding the costs and benefits of the desired behavior from that person's perspective, being aware of the competing messages that counter yours, and identifying and overcoming barriers that might prevent those who want to change behavior from doing so. For example, because consumers and investors do not always know what they do not know, they often do not seek information *prior* to making a financial decision—nor do they appear to know about and use available tools and other resources to help compare financial products and services.[2] And on a daily basis, consumers encounter a vast array of commercial messages and marketing campaigns, which can lead to impulsive decision-making. As a result, financial educators—especially those proffering unbiased, non-commercial and non-product-specific resources—compete in an extremely crowded marketplace. [3]

The social marketing process boils down to six key steps, which must continually be repeated until the desired outcome is achieved:

1. Listening to the audience (through research, focus groups and situation analyses) and determining how best to segment the audience
2. Planning the intervention based on your research, including setting goals and developing metrics to measure change

[1] Alan R. Andreasen, *Marketing Social Change,* at 110 (San Francisco: Jossey-Bass, 1995). Social marketing can identify initiatives that may be used to influence the behavior of people (downstream social marketing) as well as government, media, businesses, legislators and community leaders among others (upstream social marketing).

[2] A 2009 survey of more than 28,000 American adults found that 53 percent of respondents had used a financial professional in the preceding five years—but, among that 53 percent, only 14 percent reported checking with a regulator regarding the professional's background, registration or license. See National Financial Capability Study: State-by-State Survey (available at *www.finrafoundation.org/capability*). In consultation with the President's Advisory Council on Financial Capability, academics and staff from a host of federal agencies, we fielded a second wave of the study in 2012. Although the second wave did not include this question, a third wave, currently in the field, does. Results from the 2015 study are expected to be available in the latter half of 2016.

[3] See *FINRA Foundation Social Marketing Toolkit* (2008) (prepared by Professor Punam Keller, Tuck School of Business, and available at *www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p118440.pdf*).

3. Pre-testing the intervention and adjusting as needed (pre-testing may suggest additional segmentation is needed—and should allow for the possibility that the messages you want to deliver might not be ones your target audience is willing or able to absorb or act upon)
4. Implementation of the intervention (delivery of the message or tool or resource)
5. Monitoring impact
6. Re-examining and revising based on what you learn from your monitoring and renewed rounds of audience listening sessions

For further information on social marketing principles, we recommend to the Council the social marketing toolkits the FINRA Foundation developed in conjunction with experts from the Tuck School of Business at Dartmouth College.[4]

Behavioral Economics

Few consumers take a systematic approach to financial decision-making. Instead, many make spending (and even saving) decisions impulsively, without taking time to assess alternatives or seek unbiased information to make educated choices. [5] The FINRA Foundation has funded a number of research projects aimed at better understanding investor behavior and assessing what works with different target audiences.[6]

Behavioral economics suggests that individuals do not always make logical financial decisions—and that psychological and emotional biases can cause us all to make sub-optimal choices.[7] And emerging research in interdisciplinary fields such as neuro-economics separately suggests that brain function plays a role in financial decision-making.[8] The challenge is that many individuals go through life not recognizing that these biases are at work, often with negative consequences. Some individuals optimistically believe, for example, that they will have enough saved for retirement even though they have not yet begun to contribute to an available retirement account (overconfidence bias).

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[4] *Id*. See also Tuck Executive Education at Dartmouth & FINRA Investor Education Foundation, *Using Social Media, Social Marketing and Brain Research to Improve the Design and Delivery of Financial Education* (2010) (available at *www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p124107.pdf*).

[5] Tuck Executive Education, *supra* note 4.

[6] FINRA Foundation-funded researchers have examined a broad range of issues affecting the investing public, including gender and ethnic differences in investing, psychological biases that prevent wise investment decisions, how best to deliver investment information, whether employer-provided education helps workers plan for retirement and the effectiveness of various approaches to improve the financial wellbeing of different audiences. Details on these research projects can be found at *www.finrafoundation.org/resources/research/index.htm*.

[7] To promote investor awareness in this respect, the FINRA Foundation funded a grant through which *Nightly Business Report* and *Kiplinger's Personal Finance* produced a series of coordinated broadcasts and companion articles exploring behavioral finance and its implications for investors. *See* *www.finrafoundation.org/grants/*. We also awarded two grants to researchers from the Psychology and Public Affairs Departments at Princeton to examine how psychological biases play a role in investment decisions. Findings and related articles are available at *www.finrafoundation.org/resources/research/*.

[8] *See, e.g.,* papers and articles prepared by a team of researchers from the Stanford University Department of Psychology and the Kellogg School of Management, Northwestern University (released in 2011 and 2010), available at *www.finrafoundation.org/resources/research/*, including:

- Research Summary: Individual Differences in Financial Risk Taking Across the Lifespan (PDF *183 KB*); and
- Don't Stop Thinking about Tomorrow: Individual Difference in Future Self-continuity Account for Saving (PDF *128 KB*).

Alternatively, they might seek out evidence that supports their belief they have saved enough or do not need to save (confirmation bias).

To translate these academic concepts into plain language and help address these issues for consumers, the FINRA Foundation collaborated with Rocket Media Group and Maryland Public Television to produce "Thinking Money: The Psychology Behind Our Best and Worst Financial Decisions" in late 2014. This hour-long documentary reveals our natural behavioral biases—and provides innovative solutions to get us on the path to financial security. The recommendations the documentary lays out for consumers might be of value for the Council as well:[9]

- Categorize information presented to make it easier for individuals to make choices;
- Consider tools or mechanisms, such as age-progression software, to help individuals connect with (and ultimately care about) their future selves;
- Use images and, where possible, technology to chart and help plan participants visualize their goals and their progress toward those goals; and
- Deliver positive reinforcement to encourage continuing savings behaviors.

Research Relevant to Model Notices and Educational Materials

Harkening back to the first principle of social marketing above, both OIE and the FINRA Foundation firmly believe that evidence-based solutions and initiatives grounded in research have the best potential for success. Among the innovative research projects the FINRA Foundation has supported over the years are projects aimed at improving disclosure to investors, understanding the biases that often underpin faulty decision-making and identifying methods employers can implement to help workers save for retirement. High-level findings from the most relevant of these projects are summarized below.

The Development of Superior Personal Investing Performance

Through a study that identifies investment-related activities associated with high versus low household wealth accumulation, Florida State researchers tackled the question, "What are those households that accumulate wealth doing that is different from households that accumulate little wealth?" The project examined households with similar demographics and lifetime income but different levels of net worth. The results, now published in a peer-reviewed academic journal,[10] reveal key differences in financial behaviors between households with low and high financial outcomes at retirement. Briefly, households that accumulated higher levels of wealth were more likely to have:

- Engaged in regular communication about the household's finances;
- Actively sought out financial information from employers and financial professionals;
- Used calculators and visualization tools to forecast not only their retirement needs with respect to wealth accumulation, but also to monitor the household's financial progress toward that goal; and

[9] The full, hour-long documentary is available for online streaming from Maryland Public Television (at http://video.mpt.tv/video/2365353075/).

[10] Eccles, David W., Paul Ward, Elizabeth Goldsmith & Guler Arsal, *The Relationship between Retirement Wealth and Householders' Lifetime Personal Financial and Investing Behaviors*, 47 J. CONS. AFF. 432 (Fall 2013) (available at http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p444960.pdf).

- Used the power of compound interest to their advantage by saving and thus earning interest rather than incurring debt and having to pay interest or late fees on debt loads.

Project principal Dr. David Eccles and his team worked with the Florida State University instructional design staff to create educational materials based on the research findings. *Are You Financially Fit?* explains the research and six basic personal finance strategies undertaken regularly by top-performing households.[11] The "Simple 6" include the following:

Strategy 1: Talk about your retirement and savings goals, especially with your spouse or partner

Strategy 2: Ask your employer about benefits and tools to assist you

Strategy 3: Calculate what you will need to save

Strategy 4: Forecast what you will have based on current savings and your savings strategy

Strategy 5: Maximize saving and earning interest

Strategy 6: Minimize debt and paying interest

Workplace Financial Education for Newly Hired Workers

The FINRA Foundation provided grant support to faculty at George Washington University and North Carolina State University to prepare a report describing practical, cost-effective strategies that employers can pursue to encourage new employees to save for retirement.[12] The report summarizes in plain language findings from academic research (funded by the FINRA Foundation, the Social Security Administration and others). It also examines automatic retirement savings enrollment features, shares worker perspectives on financial information provided to them by their employers and describes low-cost informational nudges that can increase retirement savings. Providing guidance to employers seeking to assess their current plan designs and educational efforts, the report identifies the top 10 best practices for helping workers build long-term financial security, including:

1. Providing basic retirement plan information to new employees, including simple descriptions of the plan and its offerings.
2. Focusing on improving the overall financial knowledge of workers.
3. Customizing educational materials to meet the needs of different audiences.
4. Recognizing that the ability to save for retirement is influenced by the worker's debt levels and overall financial health.
5. Providing an employer match.
6. Integrating automatic features to boost participation in the plan.
7. Giving thought to default options, setting them at least at any match level and considering automatic escalation.
8. Offering financial education and coaching.

[11] These educational materials are available at www.FINRAFoundation.org/PDF/FinanciallyFit.

[12] Clark, Robert L. & Annamaria Lusardi, *How Employers Can Help New Hires Save for Retirement: Best Practices that Build Long-Term Financial Security: Top Ten Best Practices* (2012) (available at www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p188046.pdf).

9. Educating workers about financial risks.
10. Periodically reminding employees about the plan and its benefits.

Some of the findings in this short report derive from a larger research project by North Carolina State.[13] Researchers collaborated with human resources managers to evaluate the extent to which workplace education programs improve employees' ability to understand their options relating to timing of retirement, the age at which to begin Social Security and pension benefits, Medicare, annuitization and other matters pertaining to asset management in retirement. The project included creating a template to help employers evaluate their pre-retirement programs. One important finding relevant to the content of employee notices and plan sponsor materials related to common informational errors employees make concerning "retirement age." Workers who thought Social Security and pension plans set retirement ages at a higher level than actually is the case stated they planned to retire later in life. In contrast, workers who thought the retirement age was lower than was actually the case often stated they planned to retire earlier. This underscores the importance of providing comprehensive information to employees in digestible chunks to help dispel reliance on erroneous assumptions.

Learning by Doing: Educating Future Investors through IDA Programs

With funding from the FINRA Foundation, researchers at Ohio State, Yale, Cornell and Carnegie Mellon investigated the effectiveness of behavioral finance strategies in improving saving and retention rates in individual development account (IDA) programs.[14] Although not directly related to workplace retirement savings options, some of the lessons that emerged could be valuable considerations when implementing strategies to foster savings and retention for low-income workers. Specifically:

- **Size and timing of contributions:** Allowing workers to make smaller deposits at more frequent intervals increased program participation rates, overcoming natural tendencies to engage in myopic decision making (where individuals fail to see or discount the value of the aggregate effect of small contributions repeated over time) and leveraging what's known as the "peanuts effect" (similarly a tendency not to value small dollar amounts); and
- **Accountability:** Providing short, motivating "reminder" messages to save prior to a deadline (made through an automated calling system) appeared to increase savings rates in a controlled experiment over two-years. Holding people accountable in this way can be a powerful psychological motivator.

FINRA Investor Alerts on Retirement-related Topics

Over the years, FINRA's OIE has issued a number of investor alerts that focus on retirement issues, including the following:

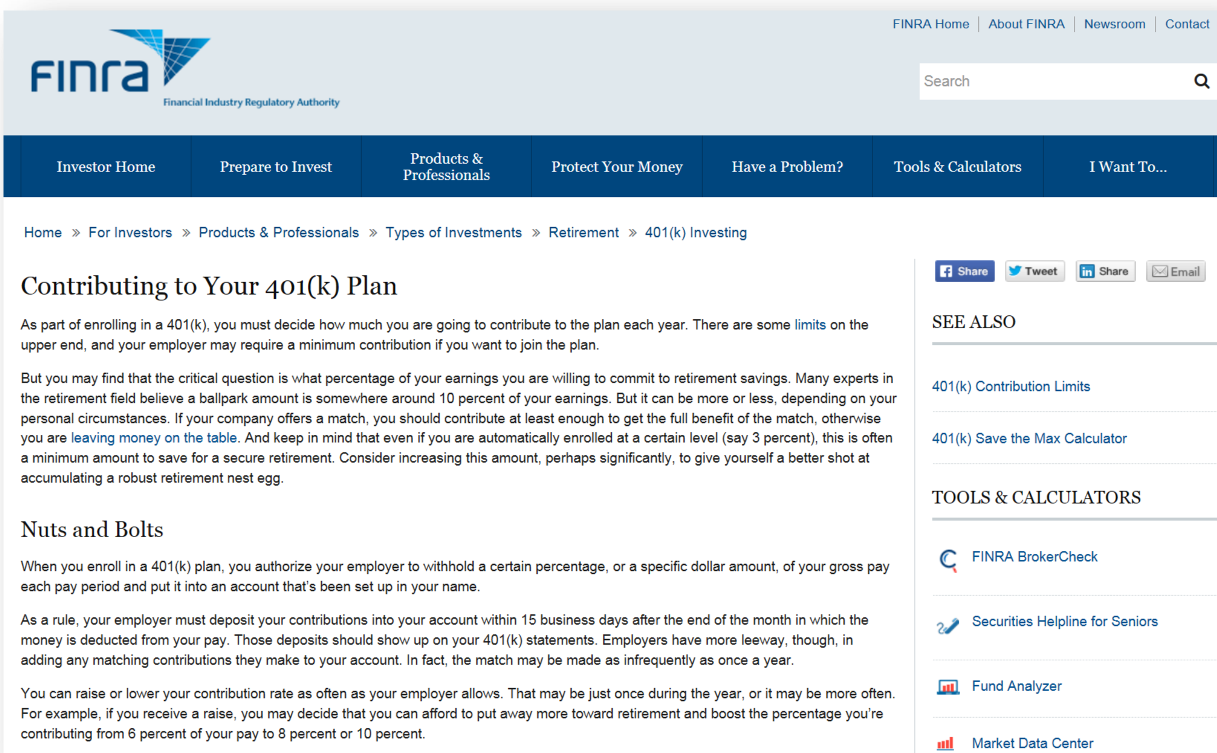
- The IRA Rollover: 10 Tips to Making a Sound Decision (January 23, 2014) (see Appendix); and
- Why Leave Money on the Table—Make the Most of Your Employer's 401(k) Match (October 18, 2011)

[13] Clark, Robert L., Melinda Sandler Morrill & Steven G. Allen, *Final Report for Evaluating Employer-Provided Financial Education Programs for Pre-Retirees* (2011) (available at http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p124011.pdf).

[14] Loibl, Cäzilia, Emily Haisley, Lauren Jones & George Loewenstein, *Testing Strategies to Increase Saving and Retention in IDA Programs* (2012) (available at www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p148000.pdf).

Each alert aims to tackle a single topic and provides background on the issue, a short list of considerations and action steps for the investor. We link to additional resources to layer the information for those who might want to learn more. In addition, we use a mix of format, with narrative and lists.

We have also compiled an array of educational articles on retirement topics, all of which are available on the FINRA website at http://www.finra.org/investors/retirement. Until recently, we presented some of our general financial education information (including articles on saving for retirement through a 401(k) plan) in a more encyclopedic, e-book format. We found, however, that visitors to our website would browse title pages for each chapter without necessarily proceeding further. We took advantage of a recent website redesign to break up our presentation of this information into discreet, manageable topics, linking content with tools to foster action. For example, our article titled Contributing to Your 401(k) includes narrative information on matching and also a link to our Save the Max tool, which helps workers understand how much they need to set aside each pay period to save at least as much as their employer will match.



Conclusion

We appreciate the opportunity to submit this statement. FINRA and the FINRA Foundation are committed to expanding the knowledge and confidence of all Americans wishing to build a more secure financial future through saving and investing, and we share your interest in resources and messages that lead investors to make sound financial decisions.

Appendix – Example of a FINRA Investor Alert
http://www.finra.org/investors/alerts/ira-rollover-10-tips-making-sound-decision

FINRA
Financial Industry Regulatory Authority

Investor Alerts

The IRA Rollover: 10 Tips to Making a Sound Decision

The largest source of IRA contributions comes from individuals who move their money from their employer-sponsored retirement plans such as 401(k) and 403(b) plans when they leave a job, according to the Employee Benefit Research Institute.

If you are considering rolling over money from an employer plan into an IRA—or if you have been in contact with a financial professional to do so—follow these tips to decide whether an IRA rollover is right for you.

1. **Evaluate your transfer options.** You generally have four choices. You can usually keep some or all your savings in your former employer's plan (check with your benefits office to see what the company's policy is). You can transfer assets to your new employer's plan, if allowed (again, check with the benefits or human resources office). You can roll over your plan assets into an IRA. Or you can cash out your balance. There are pros and cons to each, but cashing out your account is rarely a good idea for younger individuals. If you are under age 59½, the IRS generally will consider your payout an early distribution, meaning you could owe a 10 percent early withdrawal penalty on top of federal and applicable state and local taxes.

2. **Minimize taxes by rolling Roth to Roth and traditional to traditional.** If you decide to roll over your retirement plan assets to an IRA, you can choose either a traditional IRA or Roth IRA. No taxes are due if you roll over assets from a traditional plan to a traditional IRA, or if you roll over your contributions and earnings from a Roth plan to a Roth IRA. But if you decide to move from a traditional plan to a Roth IRA, you will have to pay taxes on the rollover amount you convert. It's a good idea to consult with your plan administrator, as well as financial and tax professionals about the tax implications of each option.

   Tip: Special Treatment of Employer Matches in Roth Plans
   The IRS requires that any employer match of contributions made to a Roth plan be placed in a pre-tax account and treated like matching assets in a traditional plan. To avoid taxes when rolling over a Roth plan that includes matching contributions from your employer, you will need to request the transfer of *your* contributions and earnings to a Roth IRA and *your employer's matching* contributions and earnings to a traditional IRA.

3. **Think twice before you do an indirect rollover.** With a direct rollover, you instruct your former employer to send your 401(k) assets directly to your new employer's plan or to an IRA—and you never have to handle the money yourself. With an indirect rollover, you start by requesting a lump-sum distribution from your plan administrator and then take responsibility for completing the transfer. Indirect

rollovers have significant tax consequences. You will not get the full amount because the plan is required to withhold 20 percent to ensure that taxes will be paid if the rollover is not completed. You must deposit the funds in an IRA within 60 days to avoid taxes on pretax contributions and earnings—and to avoid the potential of an additional 10 percent tax penalty if you are younger than 59½. If you want to defer taxes on the full amount you cashed out, you will have to add funds from another source equal to the 20 percent withheld by the plan administrator (you get the 20 percent back if you properly complete the rollover). Learn more about direct and indirect rollovers.

4. **Be wary of "Free" or "No Fee" claims.** Competition among financial firms for IRA business is strong, and advertising about rollovers and IRA-related services is common. In some cases, the advertising can be misleading. FINRA has observed (PDF *47 KB*) overly broad language in advertisements and other sales material that implies there are no fees charged to investors who have accounts with the firms. Even if there are no costs associated with a rollover itself, there will almost certainly be costs related to account administration, investment management or both. Don't roll over your retirement funds solely based on the word "free."

5. **Realize that conflicts of interest exist.** Financial professionals who recommend an IRA rollover might earn commissions or other fees as a result. In contrast, leaving assets in your old employer's plan or rolling the assets to a plan sponsored by your new employer likely results in little or no compensation for a financial professional. In short, even if the recommendation is sound, any financial professional who recommends you move money from an employer-sponsored retirement plan into an IRA could benefit financially from that move.

6. **Compare investment options and other services.** An IRA often enables you to select from a broader range of investment options than available in an employer plan, but might not offer the same options your employer plan does. Whether the IRA options are attractive will depend, in part, on how satisfied you are with the options offered by your current or new employer's plan. Some employer plans also provide access to investment advice, planning tools, telephone help lines, educational materials and workshops. Similarly, IRA providers offer different levels of service, which may include full brokerage service, investment advice and distribution planning. If you are considering a self-directed IRA, consider the tradeoffs.

7. **Understand fees and expenses.** Both employer-sponsored plans and IRAs involve investment-related expenses and plan or account fees. Investment-related expenses can include sales loads, commissions, the expenses of any mutual funds in which assets are invested and investment advisory fees. Plan fees can include administrative costs (recordkeeping and compliance fees, for instance) and fees for services, such as access to a customer service representative. In some cases, employers pay for some or all of the plan's administrative expenses. IRA account fees can include administrative, account set-up and custodial fees, among others. Before making a rollover decision, know how much you are currently paying for your plan. Compare that to the fees and expenses of a new plan or IRA. For more information about 401(k) fees, see the Department of Labor's publication, A Look at 401(k) Plan Fees. For IRA fees, ask your financial professional to provide you with

information about fees and expenses, and read your account agreement and any investment prospectuses.

8. **Engage in a thoughtful discussion with your financial or tax professional.** Don't be shy about raising issues such as tax implications, differences in services, and fees and expenses between retirement savings alternatives. If your financial professional recommends that you sell securities in your plan or purchase securities in a newly opened IRA, ask what makes the recommendation suitable for you. As with any investment, if you don't understand it, don't buy it.

9. **Age matters.** If you leave your job between age 55 and 59½, you may be able to take penalty-free withdrawals from an employer-sponsored plan. In contrast, penalty-free withdrawals generally are not allowed from an IRA until age 59½. Once you reach age 70½, the rules for both traditional employer plans and traditional IRAs require the periodic withdrawal of certain minimum amounts, known as the required minimum distribution (RMD). The RMD rules also apply to Roth 401(k) accounts. However, the RMD rules do not apply to Roth IRAs while the owner is alive. If you are still working at age 70½, however, you generally are not required to make required minimum distributions from your current employer's plan. This may be advantageous for those who plan to work into their 70s.

10. **Assess the tax implications of appreciated company stock.** Some retirement plans feature company securities (such as stocks, bonds or debentures)—and, as with earnings on other investments, any increase in their value will typically be subject to ordinary income tax when you withdraw the securities from the plan. But if you're considering a distribution of company stock or securities when you leave the company, be aware that special IRS rules might allow you to defer paying taxes on the appreciation (which the IRS calls "net unrealized appreciation"). Consult your plan administrator and financial and tax professionals about tax scenarios related to appreciated company securities.

The decision to move your retirement nest egg or stay put is an important one. In many cases, you don't have to act immediately upon switching jobs or retiring. Take the time to assess your options. Ask questions and do your homework to determine what is best for you.

To receive the latest Investor Alerts and other important investor information sign up for Investor News.

Last Updated:
January 23, 2014