



THE IRA CLUB
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The following explanation is for people who seek to transfer part or all of the funds from a 401(k) held at a current employer to a Self Directed IRA.

(If your 401(k) is from a former employer, the information in this report does not apply to you.)

**Transferring Funds from an Active 401(k) with a current employer
To a
Self Directed IRA**

Q. Will the IRA Club accept funds transferred from a 401(k) account?

A. YES

Q. Is there an Internal Revenue Service (IRS) or Department of Labor (DOL) restriction against transferring a portion of an existing 401(k) account to an IRA account?

A. NO

Q. If I transfer from a 401(k) to an IRA is it a taxable event?

A. NO. This is called a Trustee to Trustee transfer. As such, there is no income tax imposed on the amount of the transfer.

**How do I Transfer from an Active 401(k) with a current employer
To a
Self Directed IRA**

1. Contact your company's 401(k) Administrator.

2. Tell them you want to:

Transfer part of your 401 (k) to a Qualified Retirement Plan (an IRA)

Explain that **you are *not* taking a *distribution*; you simply want to transfer part or all of your the 401(k) funds to a qualified plan.**

3. Expect some resistance; because 401(k) trustees get paid based on the number of dollars they have under management. Hence, they seek to avoid letting go of money. You may have to ask more than one person and you may need to ask more than one time.

4. If you get resistance from your current 401(k) trustee here are a few other points you may want to make when you speak with them.

A. Let them know if you are over age 59½

B. Let them know if any of the funds in the 401(k) are funds you transferred in from another job you had.

C. Ask if they would transfer only the fund you contributed to your plan.

If your 401(k) trustee will allow a transfer – we suggest you start your new IRA before you begin the transfer. That will allow the transfer to move directly from the 401(k) to the new IRA account smoothly.