EQUITABLE ADVISORS

YOU ASK, WE ANSWER

To consolidate accumulated retirement accounts, or keep them separate, what is the right choice?

Dear Kelly,

I find myself having a few retirement accounts piling up from former jobs and a few more from my past when I had good intentions to save into other investment plans (but stopped contributions a few years into it when life got busy). Should I let these accounts sit and grow on their own? What is the benefit of consolidating accounts?

-Spring Cleaning

Dear *Spring Cleaning,*

This situation is not uncommon when I meet with people for the first time. Different employers, different accounts, different advisors come up over time, and the best of intentions of consolidating just doesn't happen.

There isn't anything blatantly wrong with this type of situation, and leaving retirement accounts as-they-are is not necessarily a bad thing. Where I find it can be confusing is when those plans or companies change names, passwords to online accounts are forgotten, and then a number of years go by and you are trying to track information down that is difficult to locate. Especially during tax season! I have noticed this with clients as they age, it can be increasingly more difficult to manage several like structured accounts at once.

There are several consolidation options for certain types of accounts, and any of those options could be recommended by a financial professional depending on your situation.

I would encourage anyone to evaluate all options, which are generally:

a. **Keep things as-is,** leave accounts where they are.

b. Consolidate accounts into your **current employer sponsored plan** (403b or 401k).

c. Consolidate eligible accounts into an **IRA** (non employer sponsored retirement account)

d. Do a **combination** of the above

For some situations, consolidating accounts may be beneficial so that beneficiaries and investment allocations are aligned. I've had people meet with me that have several accounts, some are extremely aggressive and others conservative. For the ease of managing funds, in these types of situations some financial professionals may recommend consolidating and taking another look at that person's risk tolerance.

Sincerely, Kelly

Consolidating accounts is not typically a taxable event, but a 1099 may be generated anyway. Don't worry, when filed correctly, this form will indicate the funds that were rolled over as being non-taxable.

Other challenges you may face when consolidating accounts:
Every financial company's process tends to be unique. Oftentimes, if you work with a financial advisor, the advisor can take care of the majority of the paperwork process on your behalf, and explain what is happening.

Understanding the paperwork and moving parts of these types of transactions can sometimes create undue stress if attempting to do this on your own. ***We're here for you if you need help!***

Kelly DeMay is a Financial Advisor with Equitable Advisors. Equitable Advisors collaborates with SAANYS to provide financial articles, seminars, guidance and planning for SAANYS members.

Please contact me or your local Equitable Advisors Financial Professional for a complimentary meeting.

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