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One of the many decisions you'll need to make when leaving your employer is what to do with the money in your employer-sponsored retirement savings plan.

Typically, you have four options:

Leave the money in your current plan, if allowed

Move the money into your new employer's plan, if allowed

Roll the money into an IRA

Or cash out your account and pocket the proceeds.

Let's take a brief look at each option.

First, you may be able to leave the money in your current retirement savings account.

If you're happy with your current plan, then this might be an appropriate choice.

You simply leave the money where it is and allow it to continue potential tax-advantaged growth.

Note that you cannot make additional contributions to the plan once you leave your employer.

The second option - moving the money into your new employer's tax-advantaged plan, if allowed - might be appropriate if you prefer the features and investments offered by your new plan, or if you would like to have all your employer-sponsored retirement savings in one convenient location.

A third option would be to roll your plan money into an IRA.

This move may offer access to a wider variety of investment products, and once again, continues the tax-advantaged growth potential.

Fourth, you can cash out by taking a lump-sum distribution.

Of all four options, this one may have the most drawbacks.

That's because at least part - if not all -- of your distribution may be immediately taxable.

And if you're younger than a certain age, the taxable portion could be subject to a 10% penalty tax as well.

In the end, you may end up with far less than you expected - and Uncle Sam will get the rest.

Also remember that taking a cash distribution defeats the primary purpose of your plan - that is, to save money for retirement.

These are just a few points to consider.

Before you make a final decision, you'll also want to review the fees, services offered, and rules governing each distribution option.

For more information, talk to your human resources department or visit the IRS website and search for "Retirement Topics - Termination of

Employment."

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