QUARTERLYINSIGHT
Investment News and Market Trends
Summer 2019

Investment Account Housekeeping

by Jason Hundhausen

You've heard the news, we've moved to a new office in Bozeman! All of this moving and sorting and organizing has been very cathartic and it's got me to thinking that sometimes a good tidying-up of our investment accounts can be beneficial, too, so I've chosen to focus on something more actionable for my readers this go: **Investment Account Housekeeping.**

Simplify life by consolidating. Retirement funds that you have in a 401(k), 403(b), or similar qualified retirement plan can be moved into a single, self-directed account with an IRA rollover. If you have multiple IRAs with different institutions, you can move those funds to a new custodian with an IRA transfer.

Here are just a few of the benefits of consolidating your retirement accounts to consider:

Consistency in your investment strategy. Having multiple retirement accounts at different institutions can make it difficult to maintain a consistent investment strategy across your portfolio. Statements and performance reports all look slightly different and synthesizing all that information can be difficult. Consolidating assets into a single account enables you to create and maintain a focused investment strategy based on your personal investment goals, risk tolerance, time horizon and liquidity needs.

Increased control. Very often the number of investment options available to you through an IRA far exceeds the number of options you have available to you through your company-sponsored 401(k), 403(b), or similar qualified plan. This can be advantageous to investors looking for more control over the direction of their investment dollars. Ultimately, with more options at your disposal, an IRA can enable you to develop a well-diversified investment strategy that suits your individual needs and goals.

Easier performance tracking. The consolidated statement of one retirement account helps you track your portfolio's performance by giving you a clear overview of your total assets. This can be useful in making decisions about asset allocation and enables you to easily monitor your progress and investment results.

Easier tax reporting. By consolidating accounts, you will receive a comprehensive statement that provides an overview of your total IRA portfolio. Annual tax returns must include information on whether a Required Minimum Distribution was required for each account. The more accounts you have, the more complicated this can be.

Simplified withdrawals. When you begin to take IRA distributions in retirement, you can quickly determine the minimum withdrawals required. When you have retirement accounts with several financial institutions, distributions can get complicated because the required minimum distribution amount must be calculated based on the total in all of your qualified retirement accounts. The calculations for one consolidated account will be easier and withdrawals simpler.

Save money. If you are paying maintenance or service fees on multiple accounts, consolidating into one IRA may help you eliminate or minimize these fees.

Consolidating your retirement accounts into one IRA is simple. And because you never actually take possession of the IRA monies during the transfer, there are no tax consequences for transferring the funds.

That said, you should be sure to consult your financial professional for guidance. For example, you'll want to make sure you make a *direct transfer* of funds to avoid mandatory federal income tax withholding. And there are certain situations when consolidating may not be a good idea, such as when your current plan includes company stock and you could lose significant tax advantages.

Consolidating your retirement accounts into a single IRA can help you take control of your financial future. For help in consolidating your accounts, give me a call today.