

In-Service Withdrawal

Considering in-service withdrawals at age 59½ is important for accessing retirement funds without penalty

What is an in-service withdrawal?

An in-service withdrawal allows you to move funds from your 401(k) or other retirement accounts into an IRA while still employed, typically after reaching age 59½.

Why would I consider an in-service withdrawal?

An in-service withdrawal gives you the opportunity to move funds into an IRA, providing access to a broader range of investment options. You can also work directly with a financial advisor to create a customized portfolio, unlike the more generic choices available in a 401(k)

At what age can I make an in-service withdrawal?

Most employer-sponsored retirement plans allow in-service withdrawals starting at age 59½, though some plans may have different rules.

Can I take an in-service withdrawal from my 401(k) or 403(b)?

Yes, you can take an in-service withdrawal from these plans if your employer allows it. Rules vary, so check with your plan administrator.

Are in-service withdrawals taxed?

In-service withdrawals are not taxed if you roll the funds directly into an IRA. However, if you take the withdrawal as cash or move it to a non-qualified account, it will be subject to taxes.

Are there any penalties for in-service withdrawals?

No, in-service withdrawals at age 59½ are not subject to the early withdrawal penalty, which normally applies to withdrawals before age 59½.

Can I withdraw only a portion of my 401(k) with an in-service withdrawal?

Yes, you can choose to roll part or all of your balance, depending on the plan's rules.

Can I continue contributing to my 401(k) after an in-service withdrawal?

Yes, making an in-service withdrawal doesn't affect your ability to continue contributing to your 401(k) as long as you're still employed and eligible.

Do all employers offer in-service withdrawals?

No, not all employers allow in-service withdrawals. You'll need to check your employer's specific plan rules to see if it's an option.

