Current Date

NAME
ADDRESS
CITY, STATE ZIP

Dear <Prospect>:

It's not uncommon to change employers several times during the course of a career. Given the many challenges you may encounter when changing jobs, it is easy to forget about the options available to you with respect to your employer's retirement plan (e.g., 401(k) plan). I wanted to take this opportunity to offer to help you review your options and look at some of the factors you should consider when choosing an option that is right for you.

Typically, a plan participant leaving an employer has the following four options (and may engage in a combination of these options depending on your employment status, age and the availability of the particular option):

1. Cash out the account value and take a lump sum distribution from the current plan subject to mandatory 20% federal income tax withholding, as well as potential income taxes and a 10% penalty tax,

OR continue tax deferred growth potential by doing one of the following:

2. Leave the assets in your former employer's plan (if permitted),
3. Roll over the retirement savings into your new employer's qualified plan, if one is available and rollovers are permitted, or
4. Roll over the retirement savings into an IRA.

Each choice should be carefully examined to take into consideration the pros and cons as well as the technical requirements. Here are two examples: If you choose to receive the distribution directly—that is "cash out" the account—the plan administrator must withhold up to 20% of the taxable portion of any eligible rollover distribution for federal income taxes (unless the distribution is paid directly to another eligible retirement plan, such as an IRA, via a direct rollover); and another requirement is that an employee receiving an eligible rollover distribution from a qualified trust must be given the opportunity to have his or her employer's plan administrator directly roll over the distribution to an eligible retirement plan. You should also discuss your options with your legal and tax advisor.

Some of the various factors you should consider based on your individual facts and circumstances during your decision-making process, include (among other things) the differences in: (1) investment options, (2) fees and expenses, (3) services, (4) penalty tax-free withdrawals, (5) creditor protection in bankruptcy and from legal judgments, (6) Required Minimum Distributions or "RMDs", (7) the tax treatment of employer stock, and (8) the availability of plan loans (e.g., loans are not permitted from IRAs, and the availability from an employer's qualified retirement plan will depend on the terms of the plan.) Other considerations may apply to your specific situation. Please note that the importance of any particular factor will depend on your unique circumstances, including your financial needs and personal retirement strategy. For more details about your options and the factors you should consider, please review our Rollover Guide.

Additional information you may want to consider when deciding whether or not to roll over your qualified retirement account into an IRA appears in guidance published by our regulators, including FINRA at www.finra.org/investors#/.

If you have any questions on the above, please don't hesitate to contact me at <Telephone>. As a Morgan Stanley Financial Advisor or Private Wealth Advisor, I have the experience and resources to help you address your current retirement needs and I welcome the opportunity to meet with you to discuss your retirement plan options when changing jobs in greater detail.

Name
Title
Financial Advisor

 CRC #4658726 04/22