Morgan Stanley

Thinking of Rolling Over Your Retirement Plan Account?

The decision to roll over your retirement assets from a retirement plan or an IRA is one of the more important financial decisions you will make. Your retirement assets may represent a substantial source of your future retirement income and there are many factors you should consider in determining whether to roll over your assets, including:

1. All of the options available to you when you are eligible to take a distribution
2. The services and features available to you in a Qualified Retirement Plan ("QRP") and an Individual Retirement Account ("IRA")
3. The differences in fees that you may pay in your QRP versus what you may pay in a Morgan Stanley retirement account, including a Morgan Stanley IRA or a Morgan Stanley QRP offered by your current or former employer
4. The services and features that are most important to you regarding your retirement assets

What are my distribution options from my qualified retirement plan?

Typically, when you are eligible to take a distribution, you have the following four options with respect to the portion of your distribution that qualifies as an "eligible rollover distribution".

You may engage in a combination of these options depending on your employment status and the availability of the particular option.

- Take a distribution and pay the applicable taxes
- Leave the assets in the plan (if permitted)
- Roll over the assets to a new plan if you have changed jobs and your employer offers a plan that accepts rollovers
- Roll over the assets to an IRA

Take a distribution

When you take a distribution, the entire amount will generally be taxed as ordinary income (subject to certain exceptions). It will also be subject to mandatory 20% federal income tax withholding and may be subject to state income tax withholding as well. In addition, your distribution may be subject to a 10% early withdrawal penalty tax if you are under age 59 ½ at the time of the distribution, unless you have separated from service with the employer who maintains the plan in or after the year you reach age 55 or you qualify for another exception to the penalty tax. If you hold "employer securities" in your retirement plan, you may be eligible for favorable tax treatment if certain conditions apply. In addition, if you have an outstanding loan, you will most likely be required to pay off the balance.

The rules which apply to the taxation of distributions from QRPs are complicated, and can be different depending on age, the timing and form of the distribution, the existence of after-tax contributions, and other factors. We strongly recommend that you consult with your tax and legal advisors before taking a distribution from any tax qualified retirement account.

Leave your assets in the plan or roll over to a new plan or IRA

You should consider the various factors listed below in your decision-making process. Please note, however, that they are just examples of the factors that may be relevant when analyzing your available options. Other considerations may apply to your specific situation, and the importance of any particular factor will depend upon your needs and circumstances.

	LEAVE ASSETS IN YOUR CURRENT QRP AFTER YOU SEPARATE FROM SERVICE WITH THE EMPLOYER THAT MAINTAINS THE PLAN	ROLL OVER ASSETS TO A NEW EMPLOYER'S QRP	ROLL OVER TO AN IRA
Make Contributions	No	Yes, on a tax deferred basis.	Yes, on a tax deferred basis.
Roth Conversion	Yes, if permitted by the plan and subject to applicable taxes.	Yes, if permitted by the plan and subject to applicable taxes.	Yes and subject to applicable taxes.
Withdrawals	Subject to income taxes and penalty taxes. Early distribution penalty tax does not apply if you leave your employer between ages 55 – 59 ½. Some plans do not permit ad hoc withdrawals.	If you're still employed by the company sponsoring the plan, withdrawals are allowed only in certain situations, after reaching a stated age, adoption and more. Some plans do not permit ad hoc withdrawals.	Distributions may be taken at any time however, income taxes and penalty taxes may apply.
Required Minimum Distributions (see additional information below)	You are generally required to begin taking distributions once you turn age 70 ½ (if born before July 1, 1949) or 72 (if born after June 30, 1949).	You are generally required to begin taking distributions once you turn age 70 ½ (if born before July 1, 1949) or 72 (if born after June 30, 1949), unless you are still employed by the employer who maintains the QRP.	You are required to begin taking distributions once you turn age 70 ½ (if born before July 1, 1949) or 72 (if born after June 30, 1949).
Loans	New loans are generally not available.	Yes, if permitted by the plan.	No
Protection from Creditors	Generally governed by federal law.[1]	Generally governed by federal law.[1]	Generally governed by federal and/or state law.[1]
Employer Stock Net Unrealized Appreciation "NUA" Tax Treatment	A qualified plan distribution of employer stock may be eligible for favorable tax treatment if certain conditions apply.	No, with respect to any employer stock rolled over from your former employer's plan.	No
Beneficiary Designations	The terms of the plan will determine how much flexibility you have in naming beneficiaries. Your spouse will be considered your beneficiary unless they waive that right.	The terms of the plan will determine how much flexibility you have in naming beneficiaries. Your spouse will be considered your beneficiary unless they waive that right.	Generally more flexibility.
Qualified Charitable Distributions	No	No	Yes

There are some differences in the Required Minimum Distribution ("RMD") rules between QRPs and IRAs.

- If you are still working for the employer that maintains the QRP when you turn age 70 ½ (if born before July 1, 1949) or 72 (if born after June 30, 1949) ("RMD Age"), and less than a 5% owner, then you can delay taking your RMDs until you retire from working for that employer, unless the terms of the QRP require all participants to start taking RMDs at RMD Age.
- If you have a balance in more than one QRP, you must separately take your RMD from each QRP. You cannot satisfy your RMD for one QRP from another QRP or from an IRA.
- If you have more than one IRA, you must separately calculate your RMD for each IRA, but you may take the combined total RMD amount for all your IRAs (other than inherited IRAs) from any one or more of your IRAs (other than inherited IRAs and Roth IRAs). You cannot satisfy your RMD for your IRAs from a QRP.

A plan participant receiving an eligible rollover distribution from a QRP also has the option of rolling his or her retirement assets to a Roth IRA. However, the taxable portion of such rollover is includable in the participant's income for the year of the qualified plan distribution. The tax rules that apply to a Roth IRA (e.g., RMD rules, taxation of distributions, etc.) differ from the rules that apply to a traditional IRA and are beyond the scope of this booklet.

The decision of whether to leave the assets in your former employer's plan, roll them to a new employer's plan or an IRA, or pay taxes on a distribution is a complicated one and must take into account your total financial and tax picture. Morgan Stanley does not provide tax or legal advice. To reach an informed decision, carefully consider your choices and consult your tax and legal advisors (a) before establishing a retirement account, and (b) regarding any potential tax, Employee Retirement Income Security Act of 1974, as amended ("ERISA") and related consequences of any investments or other transactions made with respect to a retirement account.

[1] Generally speaking, employer-sponsored QRP assets are protected from creditors under federal law. IRA assets can be protected in bankruptcy under federal law (subject to certain exceptions, including a cap) and some state laws may also afford creditor protection to IRA assets. Please reach out to your legal advisors to discuss any concerns you may have about the protection of your retirement assets and the application of federal or state law.

What are the differences in services and features between a typical QRP and a Morgan Stanley retirement account?

Before making a decision as to whether you should keep your assets in your current plan, roll over to a new employer's plan, or roll over to an IRA, you should also review the services and features that may be available to you. We have provided a list of services and features below that may be offered in a QRP compared to a Morgan Stanley retirement account, which could be an IRA or QRP account offered by your current or former employer. Some of these services and features are offered less frequently and the availability of others will depend on the size of the plan and the choices made by the employer sponsoring the plan. We encourage you to use the resources that your employer or former employer makes available to plan participants to understand specifically what is available in your plan.

SERVICES AND FEATURES	QUALIFIED RETIREMENT PLANS	MORGAN STANLEY RETIREMENT ACCOUNT
Investment Vehicles	Mutual Funds, Exchange Traded Funds, Separate Accounts, Collective Investment Trusts, Guaranteed Investment Contracts, Annuities	Similar to what is offered in a retirement plan plus access to additional securities such as stocks, bonds, structured products, etc.
Asset Classes	Passive, Active, Money Market, Stable Value, Fixed Income, Equities, International, Alternatives, Target Dates, Lifestyle/Risk-based, Environmental, Social and Corporate Governance. ("ESG")	Similar to what is offered in a retirement plan with generally more options in each of the asset classes.
Mutual Fund or Brokerage Window[1]	Access to a broader array of Mutual Funds in addition to what is available in the core plan menu or a brokerage platform where you can invest in specific securities or use an investment advisory offering.	Similar access.
Asset Allocation Guidance	Risk-based or Target Date Models[1] Tools and Educational Materials Financial Advisor Assistance	Similar tools and guidance.
Investment Advice Services	Typically offered through managed accounts, a Financial Advisor or other automated solutions. Additional fees may apply for investment advice services.	A range of investment advice service options suited to your financial and investment goals. For more information on our various services please refer to our ADV Brochures at https://www.morganstanley.com/wealth-investmentsolutions/advbrochures
Financial Planning Services[1]	Typically offered through on-line tools or a Financial Advisor. May be included in Financial Wellness programs and only available to current employees.	Comprehensive financial planning services aligning with investment specific recommendations to help achieve financial goals.
Support Services	Call center Website Human Resources Financial Advisor	Similar services but no support from Human Resources.

[1] These are less common services in qualified retirement plans.

What are the differences in fees between a typical QRP and a Morgan Stanley retirement account?

Another important consideration are the differences in fees. You will likely pay more in a Morgan Stanley retirement account. The charts below highlight the differences, including the impact that higher fees can have over time.

Qualified Retirement Plan Fees

This chart shows the retirement plan fees you may be paying, including investment and administrative fees based on the number of employees in your organization. These fees will be lower if your employer pays a portion of them or they may be higher if you use managed accounts or investment advice services (between .56% - .75% higher) or if you pay fees to borrow or receive distributions from your plan account. **It's important to note that the actual fees you pay will be based on investment product line-up, the size of the plan and the number of employees that are participating in the plan.**

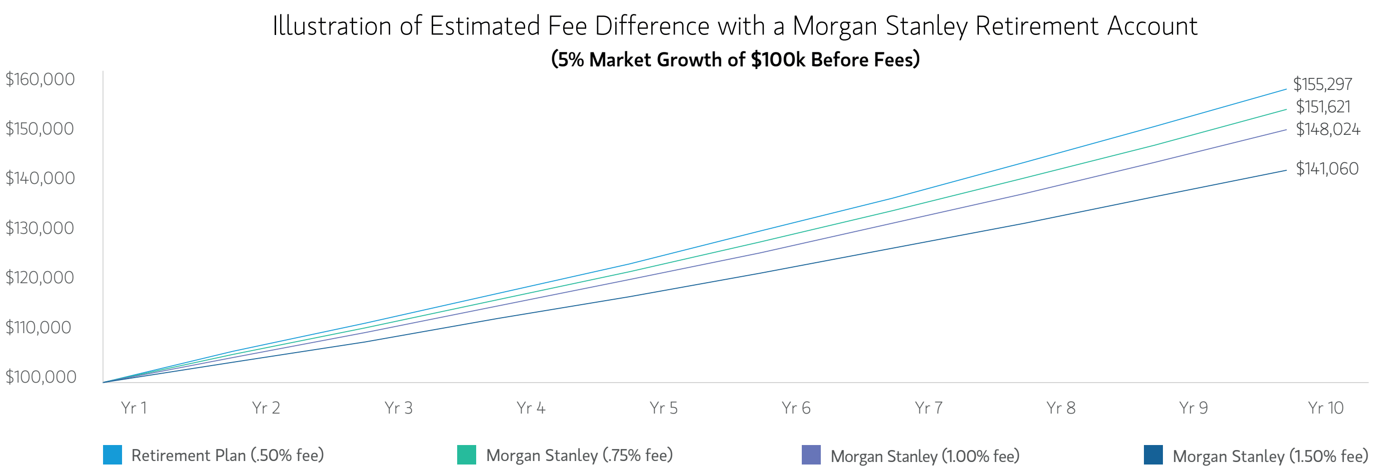
EXPECTED RETIREMENT PLAN FEE RANGES BASED ON COMPANY SIZE

NUMBER OF EMPLOYEES	FEE RANGES
1 - 25	.63% - 1.86%
26 - 150	.41% - 1.40%
151 - 1,000	.31% - .95%
1,001 - 10,000	.25% - .66%
10,001+	.16% - .46%

The estimated Fee Ranges have been provided by Fiduciary Decisions, an independent 3rd party firm that specializes in providing fee and service benchmarking for defined contribution plans. The data is sampled from Fiduciary Decisions proprietary database of over 325,000 defined contribution plans. All data is collected directly from retirement plan service providers or their plan specific disclosures to ensure accuracy and comparability. Over 116 different retirement plan recordkeepers are reflected across their dataset. The fee ranges are an estimate based on the approximate number of employees at your organization and do not take into account plan economic factors including plan assets, average account balances and services which impact the actual fees that you pay. Fiduciary Decisions assumes an average plan participation rate of 74% to estimate total employee count for each plan. In order to create a balanced representation of the fees, the ranges provided do not include the top 20% of the most expensive plans nor the bottom 20% of the least expensive plans. The fee ranges have been created specifically for Morgan Stanley and may not be duplicated or reproduced. Fee benchmarking is most effective when you also consider the quality, service, value and extras received from plan service providers. For information regarding the actual fees you are paying you should review your plan statement, 404(a)(5) plan disclosure or contact your Human Resources Department.

Illustration of Estimated Long-Term Impact of Increased Costs with a Morgan Stanley Retirement Account

This chart illustrates the long-term impact of paying higher fees over 10 years compared to what you might pay in a typical QRP. It assumes an employer with 151 – 1,000 employees and fees of .50% per year with no ancillary services or additional fees. The fees you will pay Morgan Stanley will vary depending on whether your retirement account is in brokerage or advisory and, in the case of brokerage, how often you trade and what type of investments you trade. In addition, your account may also be subject to annual account and other ancillary fees.



Hypothetical Illustration. Market Growth shown is not representative of any particular investment.

While the differences in fees/expenses will vary based on the particular plan and the types of services and products in your retirement account, the increased level of fees/expenses can be significant and can substantially impact your retirement savings.

The following resources available through your QRP provide information specific to your plan:

- **Quarterly Statement** – Investments and plan administration fees.
- **404(a)(5) Fee Disclosure** – Fees that can be charged for various services and information relating to each investment vehicle.
- **Participant Website** – Access to statements, disclosures and other services and features of the plan.

You can also reach out to your Human Resources Department.

Recommendation to Roll Over Your Retirement Plan Assets

If your Morgan Stanley team recommends that you should roll over your retirement plan assets, they will provide you with education on your distribution options and analyze the differences in services, fees, and costs of your retirement plan and a Morgan Stanley retirement account. In addition, they will seek to understand your needs and preferences so that the recommendation they make is in your best interest and is typically related to at least one of the offerings below:

Investment-specific recommendations to execute on a goals based or financial plan including strategies based on life stage and goals with a wide array of offerings and services centered on helping our clients to meet their needs.

Broad array of investment solutions including product and market experience with custom portfolio and target investment exposures. Examples include a broad range of investments and solutions including alternative investments, structured investments, risk portfolio analysis and our capital markets knowledge.

Investment advisory services with ongoing investment advice, taking into account the client's overall asset allocation and investment goals.

Rolling Over Your IRA to Morgan Stanley

If you currently have an IRA at another financial institution and are considering rolling over those assets to an IRA at Morgan Stanley, you should carefully evaluate the following:

- Will I pay more in fees?
- Will I have access to different investment products or services?

You should also consider whether a Morgan Stanley Financial Advisor and our Firm offer the services that can assist you with your current and future needs. Please speak with one of our Financial Advisors and visit https://www.morganstanley.com/what-we-do/wealth-management to learn more about our investment products and services. An additional resource to help with your analysis is BrokerCheck, a free tool from FINRA that allows you to research the professional backgrounds of financial advisors and their firms.

Conflicts of Interest and Other Important Disclosures

For a client with retirement assets in a QRP or IRA held at another financial institution, a Financial Advisor has an incentive to recommend that the client roll over or transfer those retirement assets to a QRP or an IRA at Morgan Stanley, as the Financial Advisor can generally expect to earn compensation and/or benefits based on the transaction-based revenue or asset-based fee Morgan Stanley earns from the QRP or IRA at Morgan Stanley, but generally will not earn compensation and/or benefits if the assets remain in the QRP or IRA at another financial institution.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" to you regarding a Retirement Account*, Morgan Stanley is a "fiduciary" as those terms are defined under Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides you with investment education, takes orders from you on an unsolicited basis, or otherwise does not provide "investment advice" to you, Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code.

Morgan Stanley provides "investment advice" as defined under ERISA and the Code when Morgan Stanley

1. renders advice (a) as to the value of securities or other property, or makes recommendations as to the advisability of investing in, purchasing, or selling securities or other property, (b) on a regular basis, (c) pursuant to a mutual agreement, arrangement, or understanding with the Retirement Account owner or fiduciary, that (d) the advice will serve as a primary basis for investment decisions with respect to the Retirement Account assets, and that (e) the advice will be individualized based on the particular needs of the Retirement Account; and
2. receives a fee or other compensation (direct or indirect) for such advice.

Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

*Retirement Account means any Individual Retirement Account ("IRA"), Roth IRA, Health Savings Account, Coverdell Education Savings Account, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in section 4975(e)(1)(A) of the Code.

Information concerning Morgan Stanley's role with respect to a Retirement Account can be found at https://www.morganstanley.com/wealth-disclosures/department-of-labor-notification.

Please review our Client Relationship Summary and Important Account Information booklet to understand your relationship with Morgan Stanley, at www.morganstanley.com/disclosures/account-disclosures.

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#/.

Asset Allocation does not assure a profit or protect against loss in declining financial markets.

Alternative Investments are speculative and include a high degree of risk. An investor could lose all or a substantial amount of his/her investment. Alternative investments are appropriate only for qualified, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time.

Annuities are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates. If you are investing in an annuity through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the annuity. Under these circumstances, you should only consider buying an annuity because of its other features, such as lifetime income payments and death benefits protection.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

The market value of fixed income securities may fluctuate, and if sold prior to maturity, the price you receive may be more or less than the original purchase price or maturity value.

Investors should carefully consider the investment objectives, risks, charges and expenses of a mutual fund and/or Exchange Traded Fund (ETF) before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other information about the mutual fund and/or ETF. Read the prospectus carefully before investing.

Structured Investments are complex and not appropriate for all investors, and there is no assurance that a strategy of using structured product for wealth preservation, yield enhancement, and/or interest rate risk hedging will meet its objectives.

International investing involves certain risks, such as currency fluctuations, economic instability and political developments.

Investments in target-date funds are subject to the risks associated with their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a target date fund is not guaranteed at any time, including or after the target date. These funds are based on an estimated retirement age of approximately 65. Should you choose to retire significantly earlier or later, you may want to consider a fund with an asset allocation more appropriate to your particular situation.

The underlying fund investments of a stable value fund are subject to market risk, credit and interest rate risk and other risks associated with the types of fixed income securities in which the funds invest, each of which are more fully described in the applicable prospectus. There is no assurance that these investments will achieve their investment objective or will meet or exceed their performance benchmarks.

Morgan Stanley offers a wide array of brokerage and advisory services to its clients, each of which may create a different type of relationship with different obligations to you. Please consult with your Financial Advisor to understand these differences.

This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and/or investments discussed in this material may not be appropriate for all investors. Morgan Stanley Wealth Management recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

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