



Let's Talk About: In-Service Distribution Opportunities



Your future. Made easier.®

First, let's talk about you.

If you're like most people who participate in an employer-sponsored retirement plan, you'll be surprised to learn that you may be permitted to access your assets within the plan while still employed. While not appropriate for everyone, there are situations where this could make a significant difference in the quality of your retirement.





In-Service Distributions

Transferring assets from an employer-sponsored retirement plan to a personal investment, such as an IRA, while you are still working is referred to as an “in-service” distribution. An in-service distribution could have several advantages to help meet your individual needs including:

- Broader array of investment choices
- Consistent, personal service
- More control over assets

If your employer-sponsored retirement plan is not meeting your expectations, consider meeting with your financial professional to determine whether an in-service distribution to an IRA is an appropriate strategy for your situation.

Determine Your Eligibility

In a 2006 survey, the Profit Sharing/401(k) Council of America conducted a survey of 1,000 firms and determined that 70% of these companies permit in-service distributions. This figure increases to 89% in companies with 5,000 employees or more.

To determine your eligibility, refer to your plan document, which is available through your employer or your company web site. Some plans permit in-service distributions of employer contributions, but not employee contributions. Amounts withdrawn for hardship purposes are never permitted to be rolled over into an IRA or other eligible plan. Another restriction may include your years of service or the amount of time the assets have been in the plan.

Once you determine if your retirement plan assets are eligible for rollover into an IRA, it is critical that you work with your financial and tax professionals to identify the income tax and penalty implications so you can make an educated decision.

This material is intended to provide accurate and reliable information on the subjects covered. It is general in nature and the strategies suggested may not be suitable for everyone. It is not intended to provide specific tax, legal or other professional advice. You should seek advice from your tax and legal advisors regarding your individual situation.

Now let's talk about

Rolling Your Assets into an Individual Retirement Annuity (IRA)

You can set up an individual retirement annuity by purchasing an annuity contract from an insurance company. An annuity is a long-term investment designed for retirement planning. It is a contract between you and an insurance company, under which the insurer agrees to make periodic payments to you.

A fixed annuity is a contract that pays a fixed, stated interest rate. The interest rate is guaranteed for a certain period of time, such as a year. Renewal rates may be higher or lower based on current market conditions.

A fixed index annuity (FIA) offers potential to earn interest that is linked, in part, to the performance of one or more market indexes. Most FIAs also offer some minimum interest rate guarantee to the contract owner.



annuities.

The Power of Tax Deferral

By investing in tax advantaged vehicles you can benefit from the power of tax deferral. Minimizing taxes can help you maximize your retirement income.

IRAs and other qualified plans already provide tax deferral like that provided by an annuity. Additional features and benefits such as contract guarantees, death benefits and the ability to receive a lifetime income are contained within the annuity for a cost. Please be sure the features and costs of the annuity are right for you when considering the purchase of the annuity.

Principal Protection

Both fixed and fixed index annuities are insurance products that provide protection of principal (early withdrawals may be subject to surrender charges¹) with benefits such as minimum guarantees and a death benefit.

All guarantees are based upon the financial strength and claims paying ability of ING USA Annuity and Life Insurance Company, who is solely responsible for all obligations under its contracts.

¹ All withdrawals reduce the death benefit. Early withdrawals and other distributions of taxable amounts may be subject to ordinary income tax, a surrender charge, and if taken prior to age 59 ½, a 10% Federal Tax penalty may apply.

Fixed and Index-Linked Interest Crediting

Fixed index annuities offer a fixed rate strategy and one or more strategies that credit interest based, in part, on the performance of a market index. Interest credited on an index-crediting strategy in any year is limited to the index cap, index spread or participation rate as applicable, depending on the strategy.

All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its contracts.

Let's see an in-service

Consider Your Options

The next step is for you and your financial professional to consider all of your options. Below is a chart that lists the possible advantages and disadvantages of each.

	Rollover To An IRA	Rollover To New Employer's Plan	Leave In Existing Plan	Take Cash Distribution
Advantages	<ul style="list-style-type: none"> Continue tax-deferral Potentially greater control of your account Wider options for beneficiary planning Ability to consolidate retirement assets 	<ul style="list-style-type: none"> Continue tax-deferral Plan may offer loans IRS penalty-free access if you separate from service after attaining age 55 Plan may have specific tax advantages (e.g. ten-year forward averaging or capital gain treatment) Plan may allow RMD deferral until separation from service 	<ul style="list-style-type: none"> Continue tax-deferral Plan may offer loans IRS penalty-free access if you separate from service after attaining age 55 Plan may have specific tax advantages (e.g. ten-year forward averaging or capital gain treatment) Plan may allow RMD deferral until separation from service 	<ul style="list-style-type: none"> Immediate access to your money IRS penalty-free access if you separate from service after attaining age 55
Disadvantages	<ul style="list-style-type: none"> Can not take loans from an IRA Lose specific qualified plan distributions (e.g. 10 year forward averaging or capital gain treatment) Required minimum distributions (RMD) begin at 70½ (this also applies to 401(k) plans) 	<ul style="list-style-type: none"> Not all plans accept rollovers Access to money controlled by plan's rules Investment options are limited to those offered by the plan Withdrawals are subject to mandatory 20% federal tax withholding Beneficiary distribution options may not include all the distribution options that the Internal Revenue Code allows (this also applies to 401(k) plans) 	<ul style="list-style-type: none"> Not all plans accept rollovers Access to money controlled by plan's rules Investment options are limited to those offered by the plan Withdrawals are subject to mandatory 20% federal tax withholding Beneficiary distribution options may not include all the distribution options that the Internal Revenue Code allows Required minimum distributions (RMD) begin at 70½ 	<ul style="list-style-type: none"> Subject to IRS 10% penalty for distributions prior to age 59½ Subject to federal and state ordinary income tax Less money available for retirement Discontinue tax-deferral Withdrawals are subject to mandatory 20% federal tax withholding

Special note for 10 year forward averaging: 10 year forward averaging is available for participants who were born prior to 1936 and been in the employer plan for at least 5 years. Consult a tax adviser to see if forward averaging might benefit you.

Special note for capital gain distributions: Confirm with the employer's plan administrator to confirm if the plan and your retirement account is eligible for capital gain taxation for lump sum distributions. Consult a tax adviser to see if capital gain tax treatment might benefit you.

ING does not offer legal or tax advice. Seek the advice of a tax attorney or tax advisor prior to making a tax-related investment decision.

IRAs and other qualified plans already provide tax deferral like that provided by the annuity. For an additional cost, the annuity provides additional features and benefits, including death benefits and the ability to receive a lifetime income. If other options are available, you should not purchase a qualified annuity unless you want these additional features and benefits, taking into account their cost.

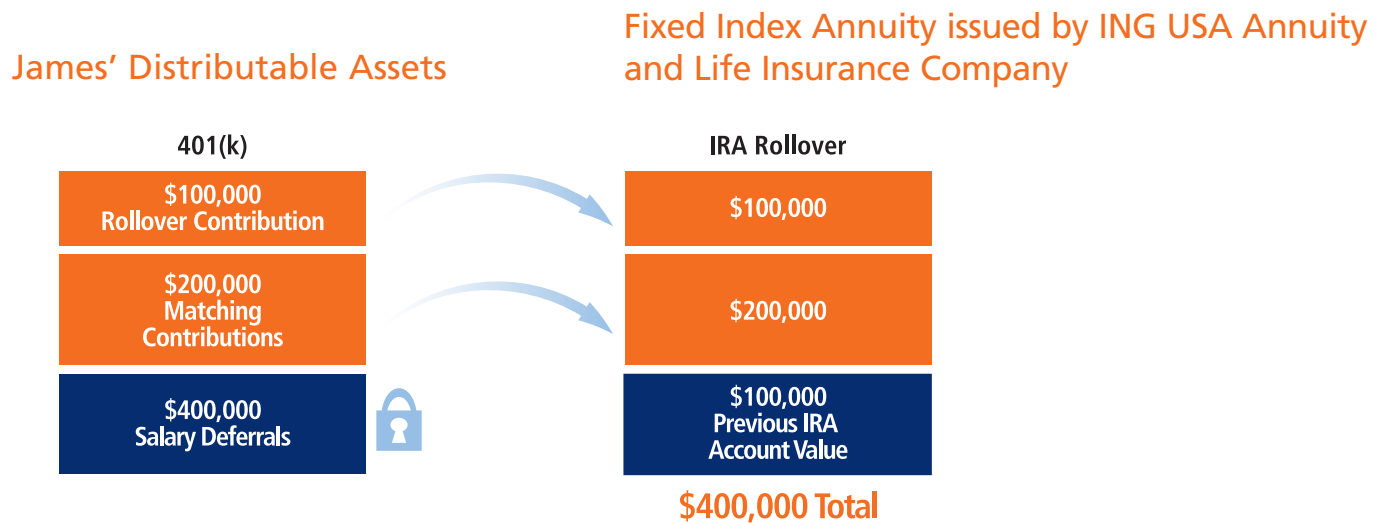
distribution in action.

Case Study: James, 58-years-old, 401(k) Plan Participant

Seeks guidance on in-service distributions • Dissatisfied with plan investment menu • Wants guaranteed retirement income

James, a hypothetical investor, is approaching retirement age and he's concerned about his retirement assets. In addition to his \$100,000 IRA, James has a 401(k) with his employer. James' 401(k) balance is \$700,000 and consists of \$100,000 in Rollover contributions, \$200,000 in matching contributions, and \$400,000 in salary deferrals.

James turns to his trusted financial professional, who manages his IRA, for guidance on whether he can move his 401(k) assets before he retires.



After a thorough review of James' situation, James and his financial professional determine that he can immediately access the \$100,000 rollover amount in this 401(k) plan. While the plan does not allow for in-service distributions of salary deferrals until James reaches age 59½, James may also access the \$200,000 in employer contributions as part of his in-service distribution.

Together, James and his financial professional determine that by rolling portions of his 401(k) account into an IRA fixed index annuity, he can guarantee his money is protected and still have the potential of interest credit based, in part, on the performance of market indexes. Best of all, James can receive consistent, personalized service while working with his trusted financial professional.

Your next steps...

- The first step in determining whether an in-service distribution is appropriate for you is to meet with your financial professional. Examine the governing plan documents, which are available from your employer to determine if an in-service distribution is available to you.
- With the help of your financial professional, determine the appropriate products based on your risk profile and retirement needs.

Customer Service

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All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

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