

3 Rollover Myths Shattered: Get your part of this market

Open the door to more sales when you expose these myths.

An Individual Retirement Account (IRA) rollover most commonly involves moving retirement assets from an employer-sponsored retirement plan (i.e., 401(k), 403(b), profit-sharing plan) to an IRA, such as an Athene annuity. Rolling assets to an IRA typically provides more savings choices. It also allows the individual to keep savings tax-deferred. In many instances, a direct transfer of funds from the existing retirement plan to an Athene annuity may be the best way to preserve tax deferral.

A 2014 study from Cogent Reports found that over 50 percent of affluent investors with a balance in an employer-sponsored retirement plan expect to roll the money into an IRA within the next 12 months. The same report estimates up to \$382 billion in rollover dollars in 2015.¹

These numbers suggest a great opportunity for agents to attract new customers and strengthen relationships with current clients. So why aren't more agents using rollovers as a prospecting tool? Consider these three myths:



MYTH #1

Rollovers don't amount to much.

Many agents think that rollovers do not bring in a lot of assets. But the reality is quite different. According to data from the Investment Company Institute, about half of households owning traditional IRAs said their IRAs contained rollovers from employer-sponsored retirement plans. Of those, 8 in 10 rolled over their entire retirement account balance.²

On average, households with IRAs that include rollovers have \$260,000 in financial assets. The average value of those IRAs is \$87,500.³



MYTH #2

Rollover opportunities are rare and difficult to predict.

Gone are the days when it was common for an individual to spend an entire career with the same company. In fact, younger baby boomers (or those born from 1957 to 1964) held an average of 11 jobs between ages 18 and 44.⁴ Each job change represents a potential rollover opportunity. In 2014, 72 percent of households that rolled money into a traditional IRA did so because of a job change, layoff or termination.⁵

And don't forget about potential rollovers from recent and soon-to-be retirees. Nearly 7 in 10 IRAs opened by individuals age 60-64 are funded exclusively by rollovers.⁶ You can help these individuals effectively transition to retirement by offering a retirement product like an Athene annuity, which offers growth potential, protection from market loss and guaranteed income.



This material is provided by Athene Annuity and Life Company, headquartered in West Des Moines, Iowa, and Athene Annuity & Life Assurance Company of New York, headquartered in Nyack, New York, which issues the product described herein.



MYTH #3

Individuals will opt to roll over assets to an IRA offered by their previous employer's plan provider.

It would seem to make sense. After all, plan providers have an advantage since they already have a relationship. Staying the course is the logical path of least resistance. But despite plan providers' efforts to keep assets, LIMRA studies suggest that only 26 percent of retirees who did IRA rollovers kept the money with the same plan provider.⁷ And sure, while many consumers may think rollovers are a chore, you can provide valuable guidance and help prospects and clients as they navigate the rollover process.

Get your part of this market!

The Athene Rollover Toolkit makes it clean and easy! Share the [consumer flyer](#) and give clients an easy way to understand what rolling their assets into an Athene annuity can do for them. Plus, the [Rollover Quick Guide](#) includes tips to put rollovers on the fast track.

¹NAPA Net staff, IRA Rollovers Ramping Up, NAPA-Net.org (February 11, 2015), <http://www.napa-net.org/news/technical-competence/ira-rollovers-ramping-up>

²Holden, Sarah, and Daniel Schrass, "The Role of IRAs in U.S. Households' Saving for Retirement," *ICI Research Perspective* 21, No. 1 (January 2015), p. 1.

³Holden and Schrass, p. 19.

⁴"Number of Jobs Held, Labor Market Activity, and Earning Growth Among the Youngest Baby Boomers: Results from a Longitudinal Survey," Bureau of Labor Statistics, U.S. Department of Labor, 2015, <http://www.bls.gov/news.release/nlsoy.nr0.htm>

⁵Holden, Sarah, and Daniel Schrass, "The Role of IRAs in U.S. Households' Saving for Retirement," *ICI Research Perspective* 21, No. 1 (January 2015), p. 14.

⁶Holden, Sarah, and Steven Bass, "The IRA Investor Profile: Traditional IRA Investors' Activity 2007-2012," *ICI Research Report* (March 2014), p. 34.

⁷Drinkwater, Matthew, "Asset Retention: Keys to Success in the Rollover Market - 2012 Results," LIMRA, 2013.

Products not available in all states.

IRA owners hold many types of assets.



Percentage of U.S. households owning IRAs, May 2013

- Mutual funds **63%**
- Individual equities **40%**
- Annuities **33%**
- Bank savings accounts, money market accounts or CDs **24%**

Note: multiple responses are included.

Source: Investment Company Institute, *2014 Investment Company Fact Book*, p. 142.

One-Rollover-Per-Year Rule Clarification

The IRS rule states that an individual is limited to one IRA rollover per year, regardless of the number of IRA accounts held.

However, rollovers between qualified plans and IRAs, Roth conversions (rollovers from traditional IRAs to Roth IRAs) and trustee-to-trustee transfers – direct transfers of assets from one IRA trustee to another – are not subject to the one-per-year limit and are disregarded in applying the limit to other rollovers.

For more information, including transition rules, visit the IRS website at IRS.gov. Neither Athene Annuity and Life Company nor its representatives offer tax advice. Please consult your tax advisor regarding any tax matters.

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