Heacock & Jones Financial Services, Inc.
Retirement Account Fiduciary Disclosure

Fiduciary Disclosure for Retirement Accounts June 30, 2022

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

A plan participant leaving an employer sponsored savings plan such as a 401(k) typically has four options (and may engage in a combination of these options):

1. Leave the funds in your former employer's plan.
2. Roll over the funds into your new employer's plan.
3. Roll over the funds to an IRA
4. Take a cash distribution

Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and your unique financial needs and retirement plans. As a fiduciary under ERISA, we have an obligation to evaluate these advantages and disadvantages, disclose any conflicts of interest, and help you to develop a strategy that is in your best interest.

Considerations

A recommendation to roll over plan assets to an IRA rather than keeping assets in a previous employer's plan or rolling over to a new employer's plan, should reflect consideration of various factors, some of which include:

Investment Options: An IRA often enables you to select from a broader range of investment options than an employer sponsored plan.

Services: You may wish to consider the different levels of service available under each option, including the availability of investment advice, tax planning and related services.

Fees and Expenses: Both plans and IRAs typically involve investment-related expenses and plan or account fees. Certain employers may pay for some of the plan's administrative expenses, whereas IRA custodians may not charge, or may waive, administrative expenses. Investment-related expenses may include sales loads, commissions, the expenses of any mutual funds in which assets are invested and investment advisory fees.

Penalty-Free Withdrawals: If you leave your job between age 55 and 59½, you may be able to take penalty-free withdrawals from a plan. In contrast, penalty free withdrawals generally may not be made from an IRA until age 59½, with a few exceptions. You may also be able to borrow from a plan.

Protection from Creditors and Legal Judgments: Generally speaking, plan assets have unlimited protection from creditors under federal law, while IRA assets are protected in bankruptcy proceedings only. State laws vary in the protection of IRA assets in lawsuits.

Required Minimum Distributions: Once you reach age 72, the rules for both plans and IRAs require the periodic withdrawal of certain minimum amounts, known as the required minimum distribution. If you are still working at age 72, however, you generally are not required to make required minimum distributions from your current employer's plan. This may be advantageous if you plan to work into your 70s.

Employer Stock: If you hold significantly appreciated employer stock in a plan you should consider the negative tax consequences of rolling the stock to an IRA. If employer stock is transferred in-kind to an IRA, stock appreciation may be taxed as ordinary income upon distribution. The tax advantages of retaining employer stock in a non-qualified account should be balanced with the possibility that you may be excessively concentrated in employer stock. It can be risky to have too much employer stock in one's retirement account; for some investors, it may be advisable to liquidate the holdings and roll over the value to an IRA, even if it means losing long-term capital gains treatment on the stock's appreciation.

Conflicts of Interest: A recommendation that you roll over plan assets to an IRA into a managed account includes an implicit conflict of interest as we will earn a management fee for managing the assets. In contrast, a recommendation that you leave your plan assets with your old employer or roll the assets to a plan sponsored by a new employer likely results in little or no compensation for us. This conflict must be disclosed to you and your evaluation of the conflict is one of the factors that must be evaluated in making the recommendation.