

***Pension Policy re: Rollovers and  
Financial Information on tax-exempt  
401(k) Rollovers into the State 401(k)  
plan***

**Revenue Laws Study Committee**

**October 14, 2014**

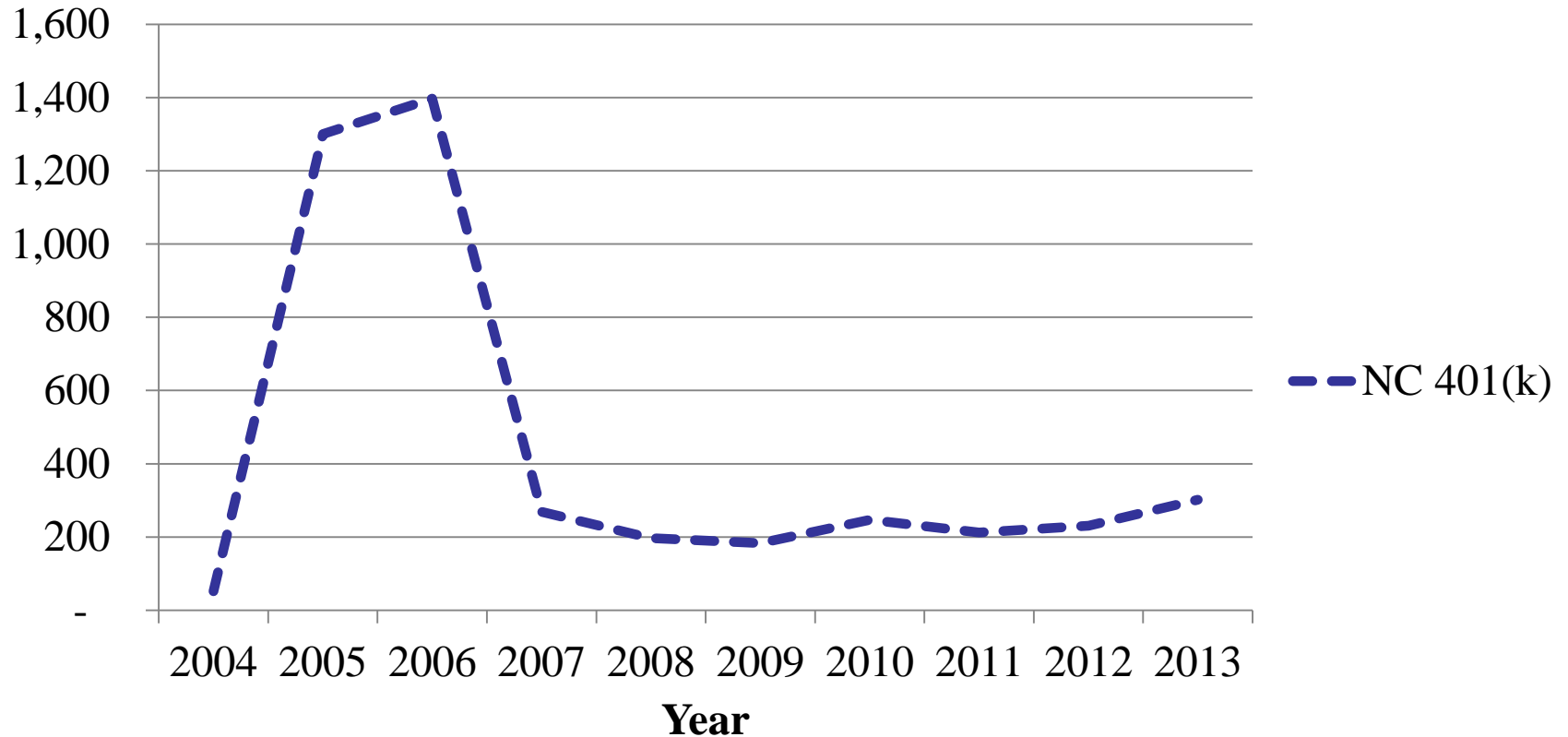


**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Rollover Policy

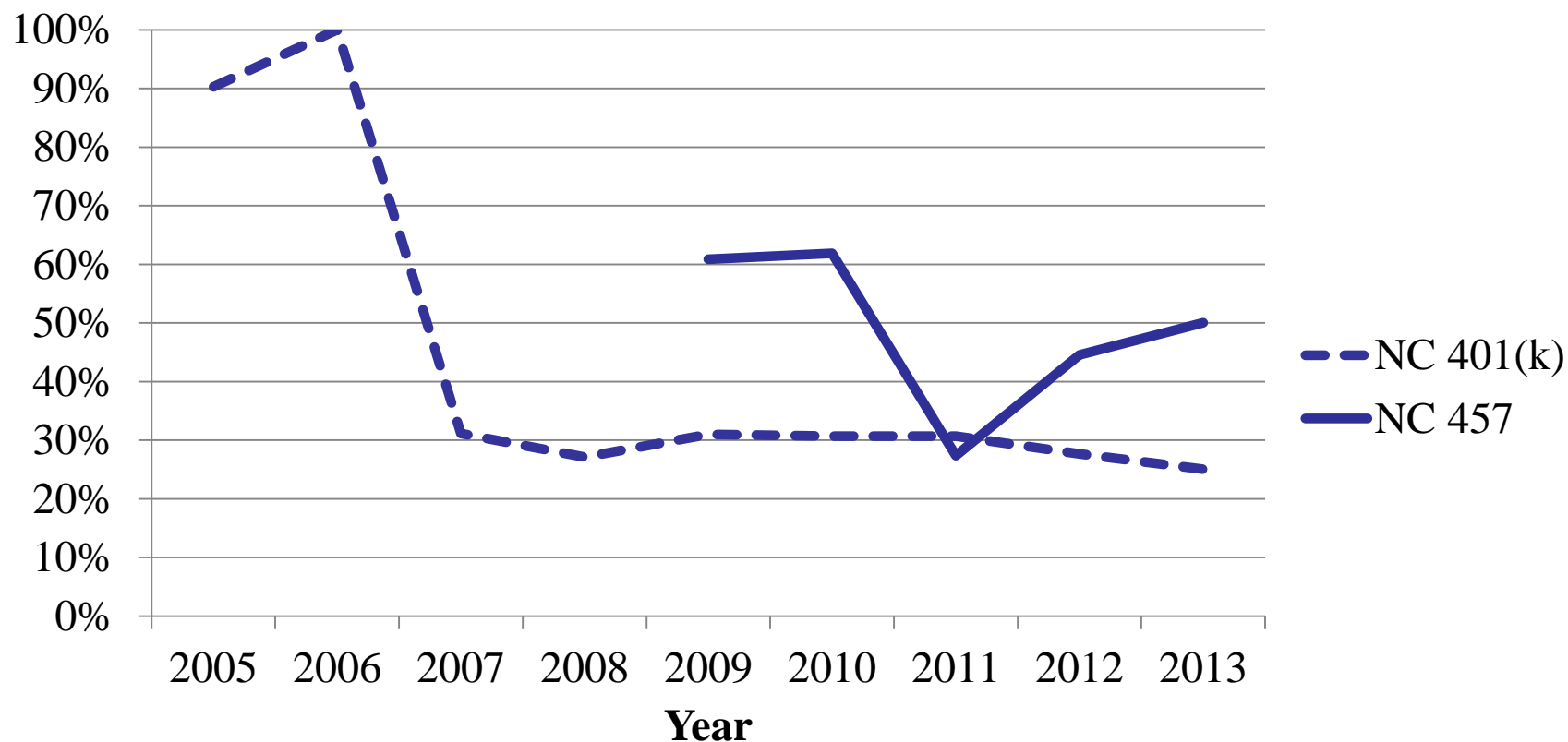
- **Almost all 401(k) and 457 plans allow rollovers into the plan. All of Prudential's governmental clients allow rollovers into at least one plan.**
- **Fees in the NC 401(k) and 457 are lower than in many other plans and IRAs, so participants can often lower fees by rolling over funds**
- **Participants often use a rollover to consolidate assets in one account**
- **Participants use rollovers to take advantage of plan features, such as the Transfer Benefit**

# Bailey Eligible Participants Doing Rollovers



Source: Prudential

# Bailey Eligible Rollovers as % of Total



**Source: Prudential**

**\$ amount of Bailey rollovers divided by \$ amount of total rollovers**

**Prudential became administrator for NC 457 in late 2008**

# **2013 Rollover Data**

**Total rolled into Bailey-eligible accounts across both plans: \$21,516,823**

**Total participants making Bailey-eligible rollovers: 441**

**Present value of tax exemption for just 2013 rollovers, using 5.75% rate, is \$1.2 million**

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