

The 59 ½ Rule

WHAT IT IS, WHETHER YOU QUALIFY, AND WHY IT MATTERS NOW

If you're age 59½ or older, still working, and participating in an employer retirement plan, you may have more control over your 401(k) than you think.

This guide explains one planning option that becomes available at this stage and how to decide whether it's worth a closer look.

WHY THIS MATTERS

Most retirement advice focuses on after you leave work. But the years just before retirement, when you're still earning and still contributing, are often when strategy matters most.

At age 59½, many employer-sponsored retirement plans offer a planning option that increases flexibility before retirement, not after.

It doesn't apply to everyone.

It doesn't always make sense.

But for the right person, at the right time, it can open options that aren't available earlier.

WHAT IS THE 59½ RULE?

The "59½ rule" refers to an age based provision in federal retirement plan rules.

Once you reach age 59½, you may be allowed to:

- Move eligible funds from your employer plan into another qualified retirement account
- Do so without taxes or early withdrawal penalties
- Continue working and contributing to your employer plan at the same time

When this is done correctly, it's typically called an in service rollover.

It is not:

- A cash out
- A loan
- A signal that you're retiring

It's simply a change in where some of your retirement assets are held and managed.

563.388.2628
www.TowerQC.com

100 E. Kimberly Road, Suite 800
Davenport, IA 54806

2300 5th Avenue
Rock Island, IL 61201



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WHY PEOPLE MISS THIS

Most people don't review their retirement strategy until:

- They've already retired
- The market forces quick decisions
- Or flexibility is already limited

Reviewing your options at 59½ doesn't mean you need to act immediately. It simply gives you more choices, earlier.

WHAT AN IN-SERVICE ROLLOVER MAY HELP WITH:

If your plan allows it, an in service rollover may help you:

- **Reduce limitations**
Employer plans are designed for simplicity, not customization. Moving a portion of assets may allow access to a broader range of strategies.
- **Align investments with timing**
Money you'll need in the next few years is often invested differently than money meant for long term growth.
- **Manage market risk as retirement approaches**
As retirement gets closer, market swings can feel more personal. Additional flexibility may allow for better alignment with your risk tolerance and timeline.
- **Coordinate with other decisions**
This option is evaluated alongside:
 - Social Security timing
 - Expected retirement date
 - Income needs
 - Tax considerations
 - Other retirement assets

The goal isn't complexity. It's coordination.

QUESTIONS WORTH ASKING FIRST

Before doing anything, it's worth answering a few basics:

- Does my employer plan allow in service rollovers?
- Which dollars are eligible?
- Are there limits on timing or amounts?
- How does this affect my current contributions or employer match?
- How does this fit with my expected retirement date?

Clear answers matter more than quick action.

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WHY FIDUCIARY GUIDANCE MATTERS HERE

Decisions around rollovers affect:

- Taxes
- Investment risk
- Retirement income
- Long term flexibility

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That means we're legally required to put your interests first. We do not sell products, chase commissions, or recommend unnecessary moves.

ONE FINAL THOUGHT

You've spent decades building your retirement. The shift from saving to spending your money doesn't happen overnight, and it doesn't necessarily begin on your last day of work.

The 59½ rule doesn't force a decision. It opens a door to more control over your retirement planning.

WANT TO TALK IT THROUGH?

If you'd like help understanding whether your plan allows this option and whether it fits your personal situation, we're happy to have that conversation.

No obligation.

No pressure.

Just clear answers.



Cody Allen, CRSP
President

563.388.2622
callen@towerqc.com



Keith Bonjour, CFP®
SVP, Portfolio Manager

563.388.2536
kbonjour@towerqc.com



Melanie Hamerlinck, FPQP®
Associate Investment Officer

563.388.2628
mhamerlinck@towerqc.com

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