Today's Preparation
Brighter Tomorrow

Fidelity 401(k) Rollover Withdrawal Plan

From Preparation to Peace of Mind

A step-by-step guide to accessing retirement funds at age 59½ — organized, tax-efficient, and hassle-free.

Your Goal

- Access funds at 59½ (March 2027)
- Minimize unnecessary taxes
- Avoid administrative friction
- Establish a reliable income process

Plan Today
Withdraw with Confidence
Enjoy Tomorrow

1. Executive Summary

- At age 59½ (March 2027), your wife can generally withdraw without the 10% early-withdrawal penalty.
- Confirm the exact account type and Fidelity rules (401(k), Rollover IRA, or 401(k) Rollover Account).
- Follow a clear step-by-step process and prepare early.
- Plan withdrawals with tax brackets, Medicare IRMAA, and overall income in mind.
- Keep proper records and confirm all details with Fidelity and your tax professional.

2. Account Types & Key Differences

401(k) (Employer Plan)

- Employer-sponsored retirement plan
- Rules set by the plan sponsor
- May have restrictions on withdrawals
- Check if plan still active or has been rolled over

Rollover IRA

- Individual retirement account
- More flexibility
- Withdrawals allowed at 59½ (no 10% penalty)
- Generally fewer restrictions
- Common destination for rolled-over 401(k)s

Fidelity 401(k) Rollover Account

- Employer plan that holds rolled-over funds (from a previous employer)
- Rules can vary
- Check if treated like a 401(k) or has IRA-like features
- Confirm withdrawal procedures, forms, and restrictions with Fidelity

3. What Changes at Age 59½?

- You can generally withdraw funds without the 10% early-withdrawal penalty.
- Withdrawals are still subject to ordinary income tax.
- You have more flexibility in how and when you take distributions.
- Required Minimum Distributions (RMDs) usually start at **age 73** (not 59½).
- Confirm any plan-specific rules with Fidelity.

4. Step-by-Step Withdrawal Process

1 Before March 2027

- Confirm account type
- Review Fidelity rules
- Update bank info
- Check beneficiaries
- Estimate tax impact
- Prepare documents

2 Contact Fidelity

- Call or use secure message center
- Speak with Retirement Services
- Ask specific questions (see section 7)

3 Initiate Withdrawal

- Online, phone, or paperwork
- Specify amount
- Choose tax withholding
- Provide bank info
- Confirm details

4 Fidelity Sells FTEC Shares

- Shares must be sold to cash
- Typically same-day or 1–2 business days
- No transaction fee (usually)

5 Funds Transferred to Your Bank

- ACH to Bank of America checking account
- Usually 1–3 business days
- Confirm receipt in your bank account

6 Keep Records

- Save confirmations
- Retain tax documents (1099-R)
- Track amounts and dates
- Use for tax filing

5. People, Paperwork & Information Checklist

People / Departments

- Fidelity Retirement Services (phone or online)
- Your CPA or tax professional

Forms / Documents (may be required)

- Fidelity distribution forms (if not done online)
- Account identification
- Voided check or bank verification (if needed)

Bank Information

- Bank of America checking account details
- Routing number and account number (for ACH or wire)

Tax-Related

- Federal and state tax withholding elections
- Form 1099-R (issued by Fidelity)

Other Requirements (may apply)

- Beneficiary designation (should be up to date)
- Spousal consent (if required by plan or large withdrawal)
- Additional plan-specific forms or approvals

Common Mistakes to Avoid

- Wrong account type
- Missing or incorrect bank information
- Not setting withholding
- Insufficient planning for tax impact
- Not confirming plan-specific restrictions

6. Tax-Bracket Planning Framework (Example)

Key Factors That Matter

- Tax year (e.g., 2027)
- Filing status (e.g., Married Filing Jointly)
- Standard or itemized deductions
- Other income (pensions, interest, dividends, etc.)
- Social Security (may be partially taxable)
- Capital gains and other deductions
- Medicare IRMAA thresholds
- State income tax rules

Example Calculation (Illustrative Only)

- 2027 MFJ 22% **Bracket** (Assumption) Taxable income up to: **$190,750**
- Less standard deduction (assumed) **$30,000**
- Remaining taxable income space **$160,750**
- Minus other income (assumed) **$100,000**
- Additional withdrawal room (est.) **$60,750**

Important

This is a simplified example using assumed 2027 tax brackets and does not include state taxes, Social Security taxation, Medicare IRMAA, or other factors. Your actual numbers will be different.

Always verify with a qualified tax professional before making a withdrawal.

7. Withdrawal Frequency Options

Monthly	Quarterly	Every Six Months	Annually	Lump Sum
Regular income stream; Can set up recurring withdrawals	Less frequent transactions	Flexible scheduling	One-time per year	Withdraw entire amount or large portion

- Fidelity generally allows flexible withdrawal frequency (confirm plan rules).
- No transaction fees for standard withdrawals (usually).
- Shares must be sold to cash before distribution.
- Total taxable amount in the tax year is what matters (not the frequency).
- RMDs usually start at age 73 (not 59½).
- Confirm minimums, maximums, and recurring options with Fidelity.

8. Preparation Timeline

Now (2025–2026)

- Confirm account type
- Review Fidelity rules
- Gather documents
- Update beneficiaries
- Start tax planning
- Make a list of questions

6 Months Before (Sep 2026)

- Contact Fidelity
- Confirm requirements
- Verify bank information
- Estimate withdrawal amounts
- Review tax strategy with CPA

3 Months Before (Dec 2026)

- Complete any required paperwork
- Test online access
- Confirm withholding elections
- Revisit tax calculations

1 Month Before (Feb 2027)

- Final confirmation with Fidelity
- Ensure account and bank info are up to date
- Prepare to initiate withdrawal

Withdrawal Date (Mar 2027)

- Submit withdrawal request
- Confirm share sale
- Track transfer to bank
- Verify funds received

After Funds Arrive

- Confirm bank receipt
- Save all confirmations
- Track amounts and dates
- Revisit annual tax plan if needed

Tax Filing (2028)

- Receive Form 1099-R
- Include on tax return
- Reconcile withholding vs. actual tax liability
- Keep records for your files

9. Questions to Ask Fidelity

- What type of account is this exactly?
- Are there any plan-specific restrictions?
- What forms are required?
- Can I initiate a withdrawal online?
- What are the minimum/maximum amounts?
- How quickly can funds be transferred to my bank?
- Can I set up recurring withdrawals?
- How do I select federal and state withholding?
- Are there any fees?
- Do I need spousal consent?
- What documentation will I receive?
- Anything else I should know?

10. Questions to Ask Your CPA or Tax Professional

- How does this withdrawal affect our 2027 tax bracket?
- How will it impact Social Security taxation?
- Could it trigger Medicare IRMAA (now or in later years)?
- Should we adjust other income or deductions?
- Is the 22% bracket strategy appropriate for our situation?
- How will state taxes affect the net amount?
- Should we do one lump sum or spread it out?
- How much withholding should we elect?
- Are there other tax-efficient strategies we should consider?
- Can you review our final calculations before we withdraw?

11. Important Clarifications & Risks

- Confirm the exact account type (401(k), Rollover IRA, or 401(k) Rollover Account).
- Age 59½ generally allows withdrawals without the 10% penalty, but plan-specific rules may apply.
- The account may have restrictions if it is still an employer-sponsored plan.
- The 22% tax-bracket strategy may not be appropriate given your total household income.
- Large withdrawals could affect Medicare IRMAA, Social Security taxation, and state taxes.
- Always verify details with Fidelity and a qualified tax professional.

Plan Smart. Withdraw Confidently. Secure Your Next Chapter.