



IRA Rollover Opportunities from Dreyfus

Have you recently changed jobs or perhaps been displaced, or are you one of the millions of newly retired baby boomers? Have you thought about the retirement plan account you may have left behind at your old job? Deciding what to do with those assets is a big responsibility, but it's also an opportunity for you and your advisor to take charge of your financial future.

An **IRA rollover** may be the solution. Whether your plan balance is \$1,000 or \$1 million, a rollover can keep that hard-earned retirement money working for you.

Why Roll Over?

An IRA rollover involves moving assets from a former employer's retirement plan into an IRA you have established in

your name. Rollovers offer a number of potential advantages, including:

Tax deferral

Since a direct rollover (i.e., a trustee-to-trustee transfer) isn't treated as a taxable retirement plan distribution,¹ you will not have to pay current income taxes and withdrawal penalties that might otherwise apply. No taxes will be due on the money until you start taking withdrawals from the IRA rollover account. In the meantime, as in your old plan, the funds may continue to benefit from the power of tax-deferred compounding.

More investment choices

One drawback of investing in employer plans is the potential for a limited investment selection. A typical plan may let you pick from among 10 or 15 mutual

funds, some of which may not even appeal to you. By contrast, an IRA may allow you to exert greater control over how your assets are invested. You can often choose from a broad range of IRA investments, giving you the tools to build a diversified portfolio that suits you.

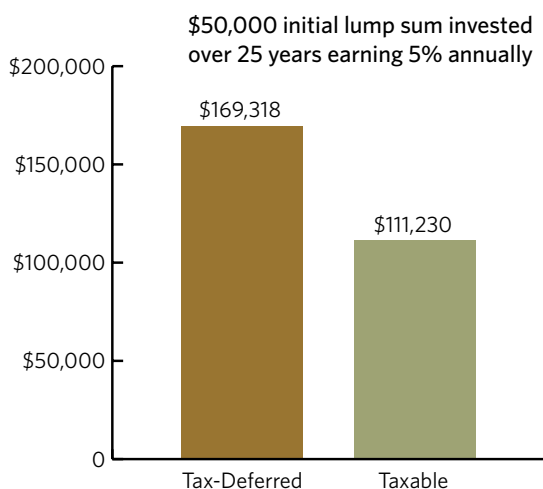
Flexibility

With an IRA, you may enjoy more control in other ways as well. For example, when the time comes to access your retirement money, you will generally have more flexibility with regard to distributions than you would have had in your old plan. Also, unlike many employer plans, IRAs are readily portable. If you wish to later move IRA funds to a different IRA as a trustee-to-trustee transfer, you may be able to do so relatively easily.

Consolidation

How many statements from former employers' retirement plans did you receive last quarter? Are you also juggling several IRAs with different firms? If you've lost track of these various accounts or have been watching them languish, it may be time to consolidate them all into one rollover IRA. Consolidation can greatly simplify the task of managing your retirement assets and may also reduce your total out-of-pocket fees.

Tax-Deferred vs. Taxable Accounts



This example is hypothetical and for illustrative purposes only, and is intended to show the effects of tax deferral on two hypothetical investments over 25 years. It assumes a 5% annual return and a 35% overall income tax rate. Withdrawals from a traditional IRA (excluding amounts that represent non-deductible contributions) are generally subject to current income tax. Distributions made prior to age 59½, unless subject to an exception, may also be subject to an additional 10% penalty tax. The imposition of taxes and penalties will reduce accumulated amounts. Actual results will vary and may reflect growth in the form of capital gains and qualified dividends, which are taxed at lower rates and which would result in higher after-tax returns.

Not FDIC-Insured. Not Bank-Guaranteed. May Lose Value.



Weigh Your Options

Before electing an IRA rollover, you should carefully evaluate your other options with the help of your advisor.

Take a cash distribution

It may be tempting to “cash out” of your former employer’s plan, but think twice before doing so. Distributions from a retirement plan are generally subject to federal income tax (including a mandatory 20% withholding), as well as a possible 10% early withdrawal penalty

if you’re under age 59½. By eroding your nest egg, cashing out could jeopardize your ability to reach your retirement goals.

Stay in the old plan

If your vested balance in your old plan is over \$5,000, you may be able to leave the money in the plan—indefinitely. This may make sense assuming you’ve been satisfied with the plan, but it might not be such an attractive option if the plan

features an unimpressive investment menu or imposes additional fees on ex-employees.

Roll over to a new plan

Switched jobs lately? Then another alternative may be to roll over your funds to your new employer’s retirement plan (provided that the new plan accepts rollover contributions; some don’t). Again, be sure to consider whether the mutual funds or other investments available under the plan are likely to meet your needs.

The Cost of Cashing Out

Hypothetical example of early cash distribution	Assumed retirement savings of \$20,000 before early distribution
	\$20,000
Federal income tax	-\$7,000
Penalty on early withdrawals	-\$2,000
State income tax	-\$1,000
Amount received after taxes	

This example is hypothetical and for illustrative purposes only and assumes a federal income tax rate of 35%, a 10% early withdrawal penalty and a state income tax rate of 5%. The employer is generally required to withhold 20% in federal income taxes on any pretax distribution from an employer-sponsored retirement plan. This 20% withholding would then be applied toward the \$7,000 owed in federal income taxes. Actual situations will vary.

What Next?

If you and your advisor decide that an IRA rollover is right for you, you face yet another critical question: How should you invest the funds in your IRA? By making smart investment choices now, you can put yourself a step closer to a secure retirement.

Spread the wealth

Most investors are advised to adhere to a well-diversified asset allocation plan. Why? Since different asset classes have historically not performed in tandem with one another, combining them in your portfolio may enable you to capture gains across multiple markets—without being overexposed to downturns in other markets. The goal of this strategy is to effectively balance investment risk and reward.

Stocks, bonds and cash—including different types of each—are the cornerstones of most asset allocation plans. You might invest in a mix of corporate and municipal bonds, for example, while spreading your equity holdings among U.S. and foreign stocks of varying sizes. Of course, no two investors are exactly alike. Your advisor can help you create an asset allocation plan that matches your objectives, time horizon and risk tolerance.

The importance of this seemingly simple concept cannot be overstated. In fact, a ground-breaking study published in 1991 found that asset allocation determines over 90% of a portfolio's long-term returns.²

Bear Market History

S&P 500 (1957 - 2009)

Start Date	End Date	Loss	3 Years Later - Cumulative Change	First 6 Months	Next 30 Months
07/15/1957	10/22/1957	(20.66%)	38.92%	9.80%	26.52%
12/12/1961	06/26/1962	(27.97%)	58.75%	20.45%	31.80%
02/09/1966	10/07/1966	(22.18%)	27.17%	22.08%	4.17%
11/29/1968	05/26/1970	(36.06%)	55.78%	24.02%	25.61%
01/11/1973	10/03/1974	(48.20%)	55.33%	30.88%	18.68%
11/28/1980	08/12/1982	(27.11%)	83.20%	45.41%	25.99%
08/25/1987	12/04/1987	(33.51%)	45.74%	19.26%	22.21%
03/24/2000	10/09/2002	(49.15%)	53.96%	11.49%	38.10%
10/09/2007	03/09/2009	(56.78%)	??	52.75%	??

Source: Ned Davis Research, Inc.

The S&P 500 Index is an unmanaged total-return index measuring overall stock market performance. **Index performance is historical and not indicative of future results, and is not intended to represent the performance of any actual Dreyfus investment.** Investors cannot invest directly in any index. For purposes of this example, a 'bear market' is defined as a period of at least two months in which stock prices decline by 20% or more. In many of the cases cited above, even after three years had elapsed from the date the bear market ended, the market had not fully recouped the losses suffered during the bear market.

Don't retire your stocks

In the wake of recent stock market turbulence, some investors have abandoned stocks in favor of the generally lower volatility of bonds and cash. You too may feel drawn in this direction during challenging periods, but is avoiding the stock market solely out of fear really wise? A look at the market's history may yield some insight.

Over the long term, the market has proven its resilience. Not only have most bear markets been short-lived, but stocks have rebounded strongly each time and have posted double-digit average annual returns since the end of World War II.³ Investors who

sell their stocks in a declining market are likely to lock in losses and miss out on the upside when share prices start rising again. As a result, overall portfolio performance may suffer.

How can you seek to harness the market's return potential? Instead of attempting to "time" short-term market swings, why not try to stay partially invested in stocks at *all* times? This approach should position you to participate in the recoveries that have eventually followed market slumps. Even if you're retired, bear in mind that stocks may provide the long-term growth needed to comfortably outpace inflation throughout retirement.

The Dreyfus Difference

Why not consider Dreyfus for your IRA investment solutions? With nearly 60 years of experience, we believe that our financial strength, outstanding client service and untarnished reputation for integrity set us apart from many other firms in the industry.

As the U.S. retail distributor for BNY Mellon Asset Management,⁴ Dreyfus is uniquely prepared to help you pursue your retirement goals. Our quality products span the full spectrum of asset classes, investment styles and market capitalizations, allowing you and your advisor to craft a customized asset allocation plan for a well-diversified IRA.

Dreyfus

Dreyfus provides unique access to BNY Mellon Asset Management's exclusive and diverse global network of world-class asset managers, delivering powerful investment insight and strategies, backed by the strength of our commitment to quality, performance and client relationships.

Learn More

For more information, please contact a Dreyfus representative at **1-800-443-9790**.

Investors should consider the investment objectives, risks, charges and expenses of any fund carefully before investing.

Contact your financial advisor and obtain a prospectus that contains this and other information about a fund. Read it carefully before investing.

Equity funds are subject generally to market, market sector, market liquidity, issuer and investment style risks, among other factors, to varying degrees, all of which are more fully described in a fund's prospectus.

Bond funds are subject generally to interest-rate, credit, liquidity and market risks, to varying degrees, all of which are more fully described in the fund's prospectus. Generally, all other factors being equal, bond prices move in the opposite direction of interest-rate changes and rate increases can cause price declines.

Asset allocation and diversification cannot ensure a profit or protect against loss.

This information is general in nature and is not intended to constitute tax advice. Please consult your tax advisor for more detailed information on tax issues and advice on your specific situation.

¹ In order to complete a direct rollover that will not be treated as a taxable distribution, the funds must be transferred directly from the former employer's retirement plan to the IRA trustee or new retirement plan administrator. If the account owner first receives the funds as a distribution in his or her name, the former employer will be required to withhold 20% for federal income tax. Additionally, if the distributed funds are not rolled over to an IRA or retirement plan within 60 days, the distribution will generally be subject to federal and state income tax at then-current rates. Please consult a tax advisor regarding these and other tax issues related to rollovers.

² Source: Gary Brinson, Brian Singer and Gilbert Beebower, "Determinants of Portfolio Performance II: An Update," *Financial Analysts Journal*, May/June 1991.

³ Source: Morningstar, based on average annual total returns of the S&P Composite Index (S&P 500: 1957-2009; S&P 90: 1945-1956). **Index performance is historical and not indicative of future results.** Investors cannot invest directly in any index.

⁴ The Dreyfus Corporation is a subsidiary of The Bank of New York Mellon Corporation. BNY Mellon Asset Management is the umbrella organization for all of BNY Mellon's affiliated investment firms and global distribution companies.