LESSON · RETIREMENT ACCOUNTS

Your 401(k), After the Paycheck Stops

When a paycheck ends — through retirement, a layoff, or a job change — an old 401(k), 403(b) or 457(b) doesn't come with instructions. Here are the four real paths, what each one costs you, and why Blueprint treats that balance differently until you decide.

Read time: 7 minutes **Level:** Foundational **Includes:** Knowledge check

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When the Paycheck Stops, What Do You Do with the 401(k)?

The original four-path breakdown that inspired this lesson.

Every 401(k), 403(b) or 457(b) is set up by an employer, for employees — which means the plan's menu of investments was chosen by that employer's benefits committee, not by you. That's fine while you're working and contributions are flowing in. It becomes a real problem the moment you need that money to generate a dependable paycheck, because most employer plans only offer a short list of mutual funds and target-date funds — not the specific mix of investments a retirement income plan actually calls for.

That gap is exactly what shows up in your Blueprint. Your Blueprint paycheck counts your employer-plan money and assumes it gets rolled into an IRA, where it can hold the investments that produce your paycheck. If you have an old or current employer plan on your Accounts page, the Results page also shows a **Before & After** comparison: your paycheck *after* the rollover next to what it would be if the money stayed in the plan. The gap between those two numbers is the cost of leaving the decision unmade.

The four paths

Once a paycheck from that employer stops — whether that's retirement, a layoff, or simply moving to a new job — you have four real options for that balance. Each one trades something for something else.

PATH 1

Leave it in the old 401(k)

The simplest move: do nothing. The money stays invested in whatever the plan already offered.

The trade: you keep the plan's limited menu — usually a handful of target-date or index funds — with no ability to build the specific income-generating allocation a retirement paycheck needs. It also means tracking yet another account, on top of everything else you're managing in retirement.

PATH 2

Roll it to an IRA and hire a financial planner

A licensed advisor manages the rolled-over balance for you, typically for an ongoing fee based on assets under management (commonly around 1% a year).

The trade: that 1% is a permanent cost, taken every year for the life of the account — and most advisors build portfolios around your risk tolerance, not your specific budget, which can leave you more exposed to a bad sequence of market returns right when you can least afford it.

PATH 3

Roll it to an IRA and manage it yourself

No advisory fee, full control, and access to any investment you want — a real IRA at any brokerage can hold individual stocks, bonds, ETFs, whatever a plan you design calls for.

The trade: it takes real investment knowledge to design and rebalance a portfolio built to produce a paycheck rather than just grow — most people doing this alone are optimizing for returns, not for a dependable monthly income and protection against selling into a downturn.

Educational content only, not individualized investment, tax or legal advice.

PATH 4

Run the numbers in a DIY retirement calculator

Free or cheap tools that tell you whether you have "enough" saved, based on withdrawal-rate rules of thumb or Monte Carlo odds.

The trade: a calculator tells you if you're on track — it doesn't manage the money or tell you what to actually buy. Many of these tools exist specifically to generate leads for an advisory firm's sales team, not to hand you a finished plan.

BLUEPRINT'S LANE

A fifth option: a literal roadmap, at DIY cost

Blueprint Tomorrow doesn't manage your money or charge a percentage of it. Once your balance is in an IRA, your Blueprint gives you the specific allocation — by engine, by holding — sized to your actual budget rather than a generic risk score, structured so routine income doesn't depend on selling investments in a down market.

Why "restricted investment menu" matters

You'll see this exact phrase on your Accounts page next to any 401(k), 403(b) or 457(b) balance. It isn't a judgment about your specific plan — Blueprint genuinely has no way to see what your employer's plan allows. So your Blueprint paycheck assumes that money is rolled into an IRA, where it can hold the investments that produce your paycheck, and your Results page shows what the paycheck would be if it stayed in the plan instead.

What a funding gap actually means

If your Before & After panel shows a gap in the "If the money stays in the employer plan" column, that's not an abstract number — it means the plan as modeled would require selling down investment principal to cover your budget, rather than living on income the Three Engines generate. Closing that gap is what a rollover buys you.

How to evaluate your own plan

Before you decide, check:

- [ ] Is this an **old** employer's plan, or your **current** employer's? (An old plan can typically be rolled over any time. A current plan may require an in-service rollover provision, or waiting until you separate from that employer.)
- [ ] What specific funds does the plan actually offer — index funds only, target-date only, or a broader brokerage window?
- [ ] Does the plan charge its own administrative or fund-level fees you're not currently seeing broken out?
- [ ] Are there employer-stock or vesting considerations that make an immediate rollover the wrong move?
- [ ] Have you confirmed whether a rollover is direct (trustee-to-trustee) rather than a distribution to you personally, to avoid an unnecessary tax event?

None of this is a recommendation to roll over immediately, or a recommendation not to — Blueprint doesn't give individualized advice. It's a framework for asking your plan administrator (or a tax professional, for anything with tax consequences) the right questions before you decide.

KNOWLEDGE CHECK

Test what you just learned

Answer three quick questions to test what you just learned.

1. Why does Blueprint exclude a restricted 401(k) balance from your paycheck calculation?

> A. Employer plans are always a bad investment
> B. Blueprint has no way to know what that specific plan allows you to invest in
> C. The balance is being spent already

2. What does a "funding gap" in the Before & After panel mean?

> A. Your Blueprint has an error
> B. You would need to sell investment principal to cover your budget as modeled
> C. Nothing — it's purely informational

3. What does Blueprint charge to manage a rolled-over IRA?

> A. A 1% annual asset-based fee
> B. Nothing — Blueprint doesn't manage assets or charge based on assets under management
> C. A commission per trade

Blueprint Tomorrow provides educational planning tools, not individualized investment, tax or legal advice. Nothing in this lesson is a recommendation to take any specific action with your retirement accounts. Rollover decisions can have tax consequences — consult a qualified tax professional before acting.