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# Consolidate Your Individual Retirement Accounts

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Keeping your retirement savings with just one brokerage can cost you less now and simplify cashing out later.

By Sandra Block, From *Kiplinger's Personal Finance,* March 2015

For most investors, the answer is yes. Putting all of your IRAs under one roof offers a number of advantages, starting with potential lower costs. Combining your accounts may ensure you avoid low-balance fees that can eat into your investment returns. For example, T. Rowe Price and Vanguard Group charge a $20 annual service fee for IRAs with balances below $10,000. A single, larger account may also lower your mutual fund expenses and trading fees. And you may be eligible for perks, such as bargain-priced tax software or a complimentary portfolio review by a financial planner.

Some firms offer a cash incentive to attract new customers. TD Ameritrade pays new customers cash bonuses ranging from $100 to $600, depending on the size of the account, and up to $2,500 to current customers for increasing the size of their accounts.

Then there are the organizational benefits. It's easier to monitor your portfolio when all of your investments are in one place. Consolidating your IRAs will also cut down on the number of statements you receive, which will make it easier to find information you may need, say, at tax time.

## Longer-Term Benefits

You'll appreciate having all your IRAs in one place when it comes time for you to withdraw money from your accounts. Once you turn 70½, you're required to withdraw a specific amount from your traditional IRAs by December 31 of each year (there are no minimum-withdrawal requirements for Roth IRAs). The amount of your required minimum distribution will be based on the balance in your IRAs and your life expectancy. If you have multiple IRAs, you must calculate an RMD separately for each account. Once you've done that, you can withdraw the total amount from any account or combination of accounts. Still, the process is easier if you have all of your IRA investments in one place, says Artie Green, a certified financial planner in Palo Alto, Calif. Consolidating your IRAs also reduces the risk that you'll overlook an account when figuring your RMD for the year. The penalty for such an oversight is 50% of the amount you should have withdrawn.

Changing and updating your beneficiaries is also easier when all of your IRA money is in one place. “One of the things I do with clients every year is review their beneficiaries to make sure they’re set up correctly,” Green says. “The more accounts you have, the more work you have to do.” And combining accounts will streamline the process of transferring accounts to your heirs. “If you’ve got accounts spread all over the place, it’s a real paperwork burden” for your heirs, says Raymond Benton, a CFP in Denver.

Married couples must maintain separate IRAs—that’s why they’re called *individual* retirement accounts—but surviving spouses can roll over inherited IRAs into their own accounts. “It’s so much easier for the other person to take it over if it’s all in one place,” says Jorge Padilla, a certified financial planner in Miami.

If you’ve held several jobs over the years, you may have money in former employers’ 401(k) plans, too. Rolling those 401(k) plans into an IRA is another way to simplify your investments, but it’s not always a good idea. Some large 401(k) plans offer institutional-class mutual funds that charge lower fees than funds for retail investors (although if your IRA is large enough, you may qualify for those funds). If you’re still working and your employer allows it, another option is to roll your old 401(k) into your new employer’s plan (see What to Do With Old 401(k)s).