The right choice for the long term®

Keep moving forward

You're moving on.
Find out how to keep your retirement savings moving ahead with you.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

You should carefully consider the objectives, risks, charges and expenses of the American Funds and, if applicable, any other investments in your plan or IRA. This and other important information is contained in the funds' summary prospectuses and/or prospectuses, which are available from your plan's financial professional and on the Web. Please read the prospectuses carefully before investing.

This is a multi-page document that is meant to be read in its entirety.

You've been planning for your future and saving for retirement. Now that you're leaving your job, you're faced with an important financial decision: What should you do with your retirement plan savings so that you can stay on track to meet your financial goals?

It's a big decision and one that could have an impact on your future. Use this brochure to learn about all of your options. Then talk to your plan's financial professional or your personal financial adviser for additional guidance.

So, where do you go from here?
The choice is yours.

Tax issues involving IRAs can be complex. Please consult your tax or legal adviser before making any decisions. This material was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed by the U.S. federal tax laws.

For current information and month-end investment results, please visit americanfunds.com (IRAs), AmericanFundsRetirement.com, the Web address on your statement (retirement plans), or ask your plan's financial professional or your employer.

Roll

Roll over to an IRA

To help keep your retirement savings growing, you can roll the money over into an individual retirement account (IRA). Rolling your savings into an IRA offers a number of advantages.

Tax benefits

Rolling over to an IRA gives you similar tax advantages to those you've received through your employer's retirement plan. Just as important, if you move your savings into an IRA, you can avoid possible early withdrawal penalties on the money you've saved so far.

What's more, you can roll your money directly into a traditional IRA or a Roth IRA. A rollover into a traditional IRA is nontaxable and allows your money to continue to grow tax-deferred, but you'll pay taxes when you take distributions. Although a rollover into a Roth IRA is taxable at the time of distribution, any earnings on your investments will grow free from federal taxes.

Remember that money from an after-tax Roth 401(k) or Roth 403(b) retirement plan account can only be rolled over into a Roth IRA, not into a traditional IRA.

Greater control

With an IRA, you have fewer restrictions to accessing your money than you would in an employer's retirement plan. For example, penalty-free early withdrawals from a traditional or a Roth IRA are allowed for a qualified first-home purchase (up to $10,000), for higher education, and for the payment of certain health insurance and medical bills. By contrast, withdrawals made for the same reasons from your retirement plan would be subject to the penalties described on page 6. Moreover, you have greater control over your investment selections with an IRA than you'll probably have in a retirement plan.

Keep contributing

Regardless of whether you choose a traditional IRA or a Roth IRA for your rollover, you can continue to contribute to either as long as you have earned income. However, there are two things you should bear in mind: You can only contribute to a traditional IRA if you're younger than age 70½, and you may not be eligible to contribute to a Roth IRA if your income exceeds IRS limits.

New Roth IRA rules in effect in 2010

There's good news if you want to roll over money from a before-tax retirement plan account into a Roth IRA (called a conversion).

- The $100,000 income limit for conversions has been eliminated. Beginning in 2010, conversions are allowed no matter how much you make.
- There's no longer a tax filing status restriction if you're married and filing taxes separately.
- Congress has approved a special rule for conversions that are completed in 2010 only: you can treat half of the income from the conversion as received in 2011, and the other half as received in 2012. Normally, you have to pay tax on the full amount in the year you convert.

IRA conversion rules and tax calculations can be complex, particularly since state income-tax rules for conversions may differ from federal rules. Talk to your plan's financial professional or your personal tax adviser about your conversion options.

Move

Transfer to your new plan

Moving your money to your new employer's plan is easy. If the plan allows it, you can transfer your account balance directly from your former employer's plan to your new one. Here are a few things to consider:

Tax benefits

Moving your money into your new employer's plan allows you to retain the same potential for tax-deferred growth that you had in your former employer's plan.

The Roth option

If you made after-tax Roth contributions to your 401(k) or 403(b) retirement plan account and your new plan accepts Roth contributions, you may be able to transfer your Roth account balance into it (refer to the box on the right for more information).

Keep in mind

There are a few things to remember when moving your savings into a new employer's plan:

- You're limited to the investment options in the plan.
- There may be different rules such as withdrawal restrictions in your new plan. Check the summary plan description (SPD) or plan document for more information.
- As a new employee, you may have a waiting period before you can move your money into the new plan.
- If you transfer your vested balance into your new employer's plan, you may delay taking required minimum distributions (RMDs) on the money beyond age 70½ until you actually retire, unless you're a 5% owner of the company.

Before-tax contributions can be moved from any type of salary deferral plan to another. For example, you can transfer your before-tax account balance from a 403(b) plan into a 401(k) plan.

After-tax Roth contributions can only be moved into the same type of salary deferral plan. For example, any after-tax Roth contributions you've made to a 401(k) plan can only be transferred into another 401(k) plan that accepts Roth contributions. If your new employer's plan doesn't accept Roth contributions, consider rolling over that portion of your account into a Roth IRA.

Bear in mind that any such rollover will have to be done directly on a trustee-to-trustee basis, not as a 60-day rollover. This means that you must transfer the assets directly from your plan's trustee to the trustee of your new employer's plan without taking receipt of the money yourself (as would be the case with a check made payable to yourself).

Stay

Remain in the plan

You may not be ready to make a decision about your retirement plan savings now. If you'd feel more comfortable waiting, you may be able to leave your retirement plan balance where it is, if your former employer allows.

Tax benefits

You retain the same potential for tax-deferred growth of your savings.

Familiarity

While you're thinking about your other options, you'll remain in investments that you already know.

Keep in mind

Before you decide to stay in your plan, there are a few additional things to consider:

- Leaving your assets in the plan limits you to the investment options made available by your former employer.
- You cannot make additional contributions.
- You must follow the plan's rules for making exchanges and withdrawing your money.
- The plan may charge administration and/or management fees to maintain the account.
- **If you have $1,000 or less, your previous employer can choose to close your account and distribute the amount to you in the form of a check. However, your employer is required by law to withhold 20% in federal taxes together with any applicable state taxes. If your vested balance is between $1,000 and $5,000, your employer may be able to automatically roll your savings into a traditional or Roth IRA with a provider of their choice.** Talk to your former employer or check the SPD or plan document to see if the plan has an automatic cashout/rollover rule.

Unsure what to do?

To learn more about your options, visit the website **AmericanFundsRetirement.com** and click on the "Rollovers" tab. There you'll find "Frequently asked questions" that offer detailed information to help you decide which option might be best for you. You can also click on the "Calculators & Learning Tools" tab to find the "Spend it or save it calculator" that shows you the difference between cashing out and rolling over your money.

Contact your plan's financial professional for more guidance. You can also contact an American Funds IRA Rollover Specialist at **800/421-9923**.

Pay

Cash out of the plan

You can cash out your retirement account balance, but if you do, you could lose almost half of your before-tax savings to income taxes and possible penalties. You'll also miss out on the long-term potential for tax-deferred growth offered by IRAs and employer plans.

Weigh this option carefully

If you cash out your before-tax retirement account balance and you're under age 59½, you could pay an additional 10% penalty on the distribution — on top of paying federal and possibly state income taxes as well. There are a few special circumstances when this early withdrawal penalty doesn't apply:

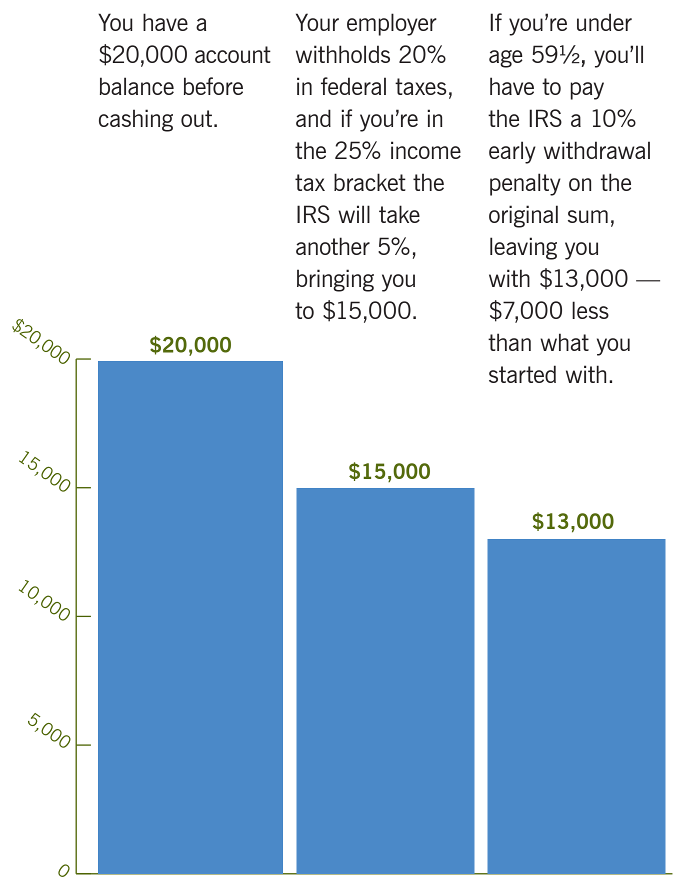
- You leave your job in the year you reach age 55.
- You take your distributions in substantially equal payments. The payments must be taken for at least five years or until you reach age 59½, whichever is longer.
- You become disabled, have certain medical expenses or pass away.

Keep in mind

If you have a financial emergency, it's a good idea to consider your other options before you cash out your retirement savings. You may want to take out only what you need and roll the rest into an IRA or your new employer's plan.

The chart on the right shows what could happen if you cashed out your entire account. Let's say you're 35 years old and you have a $20,000 retirement account balance that's fully taxable. Think you'll have a $20,000 payday? Think again.

The high cost of cashing out



All taxes are based on a $20,000 lump-sum cash withdrawal for an investor *under* age 59½ in the 25% tax bracket. Retirement plan distributions are subject to ordinary income tax and, if applicable, to an additional 10% federal tax penalty on early withdrawals. Many states will charge additional taxes and possible penalties, reducing your bottom line even further.

Start the rollover process

Follow these steps to roll your money into an IRA that's invested in the American Funds or into a new employer's retirement plan.

Step 1: Get the guidance you need

Contact your personal financial adviser or, if you don't have one, your plan's financial professional. This professional can explain rollovers in detail, including any fees associated with them. He or she can also help you invest in an IRA if that's the option you choose.

American Funds IRA Rollover Specialists are also available to answer your questions at 800/421-9923, Monday through Friday, from 8 a.m. to 8 p.m. Eastern time.

Step 2: Fill out the appropriate form(s)

All the forms you need are in the forms booklet included with this brochure. (If you didn't receive a forms booklet, you can get one from your plan's financial professional.) If you plan to roll the money into an IRA or move it into a new employer's plan and you haven't already taken the money out of your account, you can initiate a direct rollover into an IRA or a transfer into your new employer's plan.

When you fill out the rollover form, be sure to include the name of a financial adviser or your plan's financial professional. (Ask your employer for the name of your plan's professional.)

Step 3: Send in your form(s)

The specific mailing address or fax number for your form(s) will depend upon the option you choose. Follow the instructions on the form(s).

The American Funds difference

Regardless of which option you choose for your retirement plan savings, it makes sense to select an experienced investment manager that understands the value of your trust. One such manager is American Funds.

For nearly 80 years, American Funds has managed money for investors like you. Combined, these five factors set the firm apart:

A long-term, value-oriented approach

American Funds seeks to buy securities at reasonable prices relative to their prospects and hold them for the long term.

An extensive global research effort

American Funds investment professionals travel the world to find the best investment opportunities and gain a comprehensive understanding of companies and markets.

The multiple portfolio counselor system

American Funds unique approach to portfolio management, developed more than 50 years ago, blends teamwork with individual accountability and has provided American Funds with a sustainable method of achieving fund objectives.

Experienced investment professionals

American Funds portfolio counselors have an average of 25 years of investment experience, providing a depth of knowledge and broad perspective that few organizations have.

A commitment to low management fees

The American Funds provide exceptional value for shareholders, with management fees that are among the lowest in the mutual fund industry.

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