



Investment Solutions, Inc.

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Choices for Your 401(k) at a Former Employer

One of the common threads of a mobile workforce is that many individuals who leave their jobs are faced with a decision about what to do with their 401(k) account.¹

Individuals have four choices with the 401(k) account they accrued at a previous employer.²

Choice 1: Leave It with Your Previous Employer

You may choose to do nothing and leave your account in your previous employer's 401(k) plan. However, if your account balance is under a certain amount, be aware that your ex-employer may elect to distribute the funds to you.

There may be reasons to keep your 401(k) with your previous employer—such as investments that are low-cost or have limited availability outside of the plan. Other reasons are to maintain certain creditor protections that are unique to qualified retirement plans or to retain the ability to borrow from it if the plan allows for such loans to ex-employees.³

The primary downside is that individuals can become disconnected from the old account and pay less attention to the ongoing management of its investments.

Choice 2: Transfer to Your New Employer's 401(k) Plan

Provided your current employer's 401(k) accepts the transfer of assets from a pre-existing 401(k), you may want to consider moving these assets to your new plan.

The primary benefits of transferring are the convenience of consolidating your assets, retaining their strong creditor protections, and keeping them accessible via the plan's loan feature.

If the new plan has a competitive investment menu, many individuals prefer to transfer their account and make a full break with their former employer.

Choice 3: Roll Over Assets to a Traditional Individual Retirement Account (IRA)

Another choice is to roll assets over into a new or existing traditional IRA. It's possible that a traditional IRA may provide some investment choices that may not exist in your new 401(k) plan.⁴

The drawback to this approach may be less creditor protection and the loss of access to these funds via a 401(k) loan feature.

Remember, don't feel rushed into making a decision. You have time to consider your choices and may want to seek professional guidance to answer any questions you may have.

Choice 4: Cash Out the Account

The last choice is to simply cash out of the account. However, if you choose to cash out, you may be required to pay ordinary income tax on the balance plus a 10% early withdrawal penalty if you are under age 59½. In addition, employers may hold onto 20% of your account balance to prepay the taxes you'll owe.

Think carefully before deciding to cash out a retirement plan. Aside from the costs of the early withdrawal penalty, there's an additional opportunity cost in taking money out of an account that could potentially grow on a tax-deferred basis. For example, taking \$10,000 out of a 401(k) instead of rolling over into an account earning an average of 8% in tax-deferred earnings could leave you \$100,000 short after 30 years.⁵

Citations:

1. In most circumstances, you must begin taking required minimum distributions from your 401(k) or other defined contribution plan in the year you turn 73. Withdrawals from your 401(k) or other defined contribution plans are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty.
2. FINRA.org, 2026
3. A 401(k) loan not paid is deemed a distribution, subject to income taxes and a 10% tax penalty if the account owner is under 59½. If the account owner switches jobs or gets laid off, any outstanding 401(k) loan balance becomes due by the time the person files his or her federal tax return.
4. In most circumstances, once you reach age 73, you must begin taking required minimum distributions from a Traditional Individual Retirement Account (IRA). Withdrawals from Traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. You may continue to contribute to a Traditional IRA past age 70½ as long as you meet the earned-income requirement.
5. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.

A Path of Serenity and Smart Money Choices

In today's fast-paced world, financial stress has become a part of life for some. The anxiety and pressure associated with money matters can create a vicious cycle, affecting both mental and physical health. However, there may be a pathway through this chaos: mindfulness and meditation. These ancient practices not only offer a chance to reflect but also may provide a more straightforward approach to financial decision-making, which could foster long-term financial wellness.^{1,2}

What is the Connection Between Financial Stress and Mental/Physical Health?

Financial stress is a source of anxiety for some, impacting sleep, relationships, and overall well-being. According to the most recent Stress in America survey by the American Psychological Association, a majority of adults identified inflation, the economy, and financial concerns as sources of stress. Chronic financial stress can lead to health problems. Individuals experiencing financial strain often neglect preventive health measures due to cost, which can exacerbate their physical health issues.³

Tools for Managing Financial Anxiety

Mindfulness is the practice of being fully present and engaged in the moment, without judgment. It involves tuning into experiences, focusing on the present, and observing thoughts and feelings without reacting to them. When applied to finances, mindfulness encourages people to be aware of their spending habits and emotional triggers, aligning their financial actions with their values and goals, which can lead to more satisfying and sustainable economic health.

Meditation, often practiced alongside mindfulness involves sitting quietly and paying attention to thoughts, sounds, and bodily sensations. Integrating meditation into daily routines might help manage stress and enhance concentration, providing a valuable refuge for people dealing with financial stress. Just a few minutes a day might help clear the mind, improve focus, and manage anxiety, enabling the handling of monetary matters with a calm, composed mind.

Practical Ways to Include These Practices:

- 1. Daily Meditation:** Start with five minutes a day in a peaceful spot, focusing on your breath. If financial worries arise, gently redirect your attention back to your breathing.
- 2. Mindful Budgeting:** Before making financial decisions, pause and assess your motivations. Are you adhering to a budget, or are emotions influencing your choices? This practice can help avoid unnecessary expenses.
- 3. Reflective Journaling:** Maintain a journal documenting your financial decisions and the emotions they evoke. This exercise can help reveal patterns and triggers in your spending habits, aiding in more effective financial management.
- 4. Educational Workshops:** Some communities offer free stress management workshops, equipping individuals with tools and knowledge to help with financial management.

Mindfulness and Meditation in Action

Consider a scenario where mindfulness helps combat impulse purchases. By staying present and aware, individuals can make values-based financial choices rather than succumb to the allure of FOMO (fear of missing out) or unhealthy comparisons. Similarly, meditation can be invaluable during life transitions, such as career changes or retirement, helping manage financial issues with more clarity and composure.

How Mindfulness Works

Mindfulness works by dialing down the body's stress response, which can impair the immune system and exacerbate health problems. By influencing stress pathways in the brain, mindfulness changes brain structures and activity related to attention and emotion regulation. This shift can enable individuals to respond more effectively to stress, including financial stress, by cultivating a more open and less reactive mindset.

How Does One Get Started?

Learning mindfulness is more accessible than ever, with classes and interventions available in various settings, including online platforms and smartphone apps. While it may take time for mindfulness meditation to feel natural, consistent practice can transform it into a powerful tool for relieving stress and enhancing overall well-being.

Embracing mindfulness and meditation doesn't entirely eliminate financial challenges, but these practices can provide a robust framework for managing financial stress more healthily and productively. They empower individuals to make thoughtful decisions and ultimately gain control over their financial well-being. Start small, be consistent, and watch as mindfulness and meditation transform your financial life and beyond.

Citations:

1. American Psychological Association, October 30, 2019
2. First Commonwealth Federal Credit Union, November 25, 2025
3. Headspace.com. January 13, 2025

For Your Information

- We are open from 9:00 a.m. – 5:00 p.m. Monday through Thursday, and 9:00 a.m. – noon on Fridays.
- We are open during the lunch hour.
- We have a mail drop on the far north door of the building. If you have any information you would like to deliver after normal business hours please drop it off there.
- We will be closed Thursday, April 16th through Friday, April 17th for our Accountant's Legal Holiday

April is the gateway to the joys of summer.

“Spring will come and so will happiness. Hold on. Life will get warmer.”
– Anita Krizzan



Long & Associates, P.C.

Assisting you with accounting, tax preparation, and tax planning

Investment Solutions, Inc.

Advising you and creating strategies for investment and retirement planning

Benefit Resource Group, Inc.

Handling employee benefits and other business services

Whether you need one of these services, or all three, you'll work with the same professional, knowledgeable staff with our Comprehensive Solutions Program

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