Build Your Investment Base

FOR INVESTORS STILL BUILDING A BASE

GUIDE FOR THE BUILDER

Build Your Investment Base

Learn how retirement savings grow into a base that fits a growth strategy.

The Builder investor type means you're still building toward a Growth Account. Any one of three things leads to it: a net worth under $500,000, a current employer's plan as your only account or a more moderate approach to risk.

This guide explains what it takes to open a Growth Account and how to check where you stand. It also covers the strategies, rollovers and life events that grow your investment base.

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THE REQUIREMENTS

What does it take to open a Growth Account?

Our Growth Account runs long/short quantitative strategies inside your own IRA. Long/short means we buy securities we expect to rise and bet against securities we expect to fall. These strategies carry above-average volatility, with larger swings than a broad index in both directions. Opening an account takes two things.

REQUIREMENT 1

Net worth of $500,000+

We generally want the $200,000 minimum to be 40% or less of your net worth. Home equity counts toward it.

REQUIREMENT 2

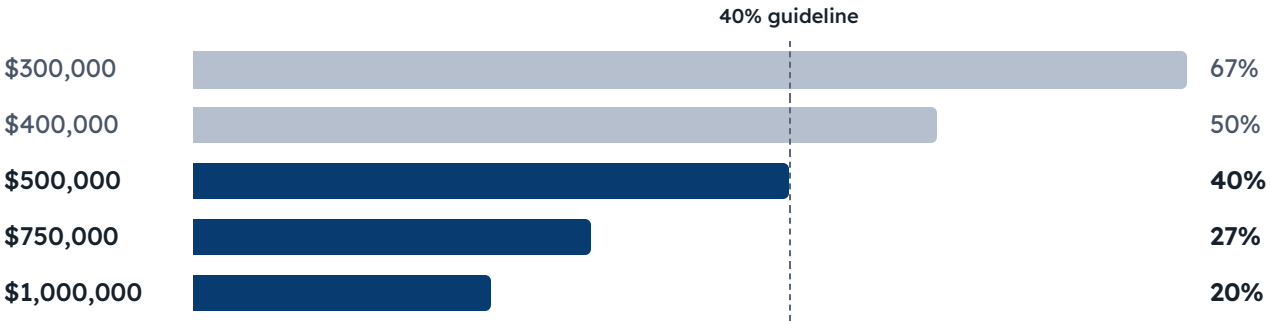
$200,000 in an IRA

The Growth Account opens inside your own IRA, so only IRA money can fund it. We accept traditional, rollover, SEP, Roth and inherited IRAs.

The 40% guideline keeps most of your wealth outside the account. With at least 60% of your net worth elsewhere, you have room to stay invested through large swings.

At $500,000 in net worth, $200,000 meets the 40% guideline

$200,000 as a share of net worth, at five net worth levels. Dashed line: our 40% guideline.



Navy bars meet the guideline.

YOUR PATH

Which path fits you?

Each card below matches one reason for a Builder result. Start with the path that fits your situation. Some readers fit both.

Click a path to jump to it.

PATH 1

Your net worth is under $500,000

Path 1 covers strategies that help grow your net worth.

Go to Path 1 →

PATH 2

Your only account is a current employer's plan

Path 2 shows when that money can move into an IRA.

Go to Path 2 →

Money in a former employer's plan can move into an IRA now. Go to the rollover steps →

Would you stay invested through a 30% drop?

The Growth Account fits money you'd leave invested through a 30% drop for years. If that doesn't describe how you want to invest, the Builder investor type is right for now. **The strategies in Path 1 still grow your base.**

PATH 1 · NET WORTH

How do you grow your net worth?

Net worth is what you own minus what you owe. Car loans, credit card balances and other debts come off the total. Home equity and retirement accounts count toward it.

Owning $295,000 and owing $25,000 leaves a net worth of $270,000

Hypothetical household. Home equity is the home's value minus the mortgage.

WHAT YOU OWN			WHAT YOU OWE			NET WORTH
Home equity	$120,000	−	Car loan	$20,000	=	$270,000
Retirement accounts	$150,000		Credit card	$5,000		Requirement: $500,000
Savings	$25,000					
Total	**$295,000**		Total	**$25,000**		

If you save through a workplace plan, page 8 shows how to collect the full match and raise your contribution rate. Continue to the next page to learn the strategies that grow your net worth.

Go to the plan strategies →

PATH 1 · NET WORTH

How to grow your net worth

Open an IRA

If you don't have an IRA yet, open one now. You don't need a rollover or a job change to start. Each dollar you save in it counts toward both requirements: the $500,000 net worth and the $200,000 in an IRA.

If you also have a 401(k) or 403(b) at work, it can roll into this IRA when you leave that job. That will get you even closer to our requirements. There are two types of IRAs. The table shows how they differ.

	Traditional IRA	Roth IRA
Tax break	Contributions may be deductible now	Qualified withdrawals are tax-free later
Who can contribute	Anyone with earned income	Phases out at $153,000 to $168,000 of income (single) or $242,000 to $252,000 (joint)
Taking money out	Taxed as income. Required withdrawals start at 73 or 75, depending on birth year.	Contributions come out tax-free and penalty-free anytime. Owners have no required withdrawals.

Sources: IRS, IR-2025-111; IRS, Publications 590-A and 590-B.

Open a SEP IRA if you're self-employed

If you earn self-employment income and don't have a SEP IRA, you can open one for that income. SEP IRAs let you save far more than a regular IRA. For your own business, the limit works out to 20% of net profit after half your self-employment tax, up to $72,000 in 2026.

SEP IRAs can take in up to $72,000 a year, almost 10 times the IRA limit

2026 yearly contribution limits



Sources: IRS, IR-2025-111 and Notice 2025-67; IRS, Publication 560.

PATH 1 · NET WORTH

Earn side income

Profit from a side business counts as self-employment income. That income can fund a SEP IRA, even if you also have a workplace plan at your main job. Each SEP contribution raises your net worth and your IRA balance at the same time. For example, $20,000 in net profit from a side business supports a SEP contribution of about $3,700.

Send windfalls to your IRA

Tax refunds, bonuses and cash gifts arrive outside your regular budget. Sending them straight to your IRA turns them into savings that count toward both requirements. You can have the IRS deposit all or part of your federal refund into an IRA when you file. A $3,000 refund covers 40% of a year's $7,500 IRA limit.

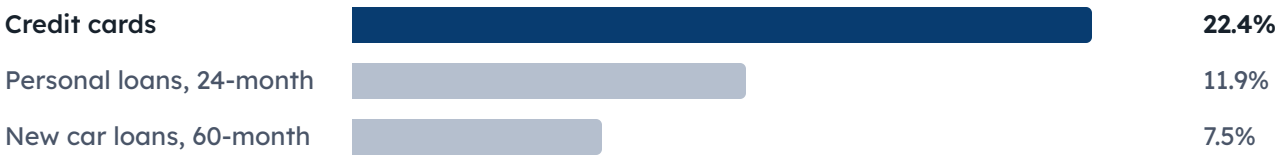
Source: IRS, Instructions for Form 8888.

Pay off high-interest debt

Every dollar of high-interest debt you pay off stops costing you interest. Paying the highest-rate balance first saves the most interest. Once the debt is gone, the old payment can go to savings.

Credit card balances carry about three times the rate of new car loans

Average interest rates at commercial banks, August 2026



Credit card rate covers accounts charged interest. Source: Federal Reserve, G.19 Consumer Credit, October 7, 2026.

Keep an emergency fund

Without cash savings, a surprise bill can force what's called a "hardship withdrawal" from your plan. In 2025, 6% of eligible workers in plans run by one large provider took one. These withdrawals carry income tax and often a 10% penalty before 59½. An emergency fund keeps retirement money invested.

Hardship data covers plans Vanguard administers. Source: Vanguard, How America Saves 2026.

PATH 1 · NET WORTH

Grow your workplace plan

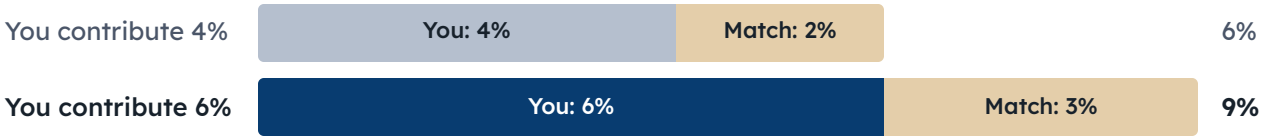
If you have a plan at work, these three strategies raise your net worth now. Plan money counts toward the $200,000 IRA requirement after a rollover.

1. Collect your employer's full match

Most workplace plans add money to what you save. One common formula matches half of the first 6% of pay you contribute.

Contributing 6% instead of 4% raises the total from 6% to 9% of pay

Money going into the account each year, as a share of pay, under a match of half the first 6% of pay



2. Increase your contribution rate with each raise

Raise your contribution when your pay goes up. After a 3% raise, you can save 1% more of your pay and still take home more than before.

Many plans can make this increase for you every year. Each time, the plan adds 1% of pay to what you save. Paired with yearly raises, that takes you from 5% to 10% of pay in five years. Your plan's enrollment settings show whether it offers this.

3. Add catch-up contributions at 50

Catch-up contributions let workers 50 and older save past the regular limit. In 2026, that's up to $8,000 on top of the $24,500 workplace plan limit. From 60 to 63, the catch-up rises to $11,250. Catch-ups matter only once you reach the regular limit.

Workers 60 to 63 can put up to $35,750 a year into a workplace plan

2026 limit on your own contributions to a 401(k), 403(b) or most 457 plans, by age



Workplace catch-ups must go in as Roth money if your prior-year wages topped $150,000. Sources: IRS, IR-2025-111 and Notice 2025-67.

PATH 2 · CURRENT EMPLOYER'S PLAN

When can money leave your current employer's plan?

Money in a current employer's plan usually stays there while you work. **We can manage it only after it moves into an IRA in your name.** Three openings can let it move. Your summary plan description lists which ones your plan allows.

Check for these three openings

Federal rules generally keep your own 401(k) contributions in the plan until you leave the job or turn 59½. Your plan administrator can confirm which openings apply to you.

Opening	When it applies	Who decides
Job change	Once you leave the job. You can roll the money into an IRA, leave it in the old plan or move it to a new employer's plan.	You
In-service rollover	At 59½, while you still work	Your plan
Money you rolled in earlier	At any age, if your plan tracks it in its own account	Your plan

Source: IRS, Rev. Rul. 2004-12.

Once an opening applies, the next pages show how to move the money and keep all of it working.

PATH 2 · CURRENT EMPLOYER'S PLAN

Keep your whole balance when you change jobs

When you leave a job, your plan may let you take your whole balance as cash. That cash counts as taxable income if it came from pre-tax money. If you're under 59½, the IRS often adds a 10% penalty.

Cashing out $50,000 before 59½ leaves $34,000 in this example

Hypothetical cash-out of $50,000 in pre-tax plan money at age 45, at a 22% federal income tax rate



Hypothetical example for illustration only. It leaves out state income tax. Source: IRS, Publication 575.

With a direct rollover, the full $50,000 moves into your IRA with no tax or penalty. That keeps $16,000 more of your money invested than cashing out would. All $50,000 counts toward the $200,000 you need in an IRA to open a Growth Account. **Once you meet both requirements and become a client, our Rollover Concierge handles this paperwork for you.**

Keep pre-tax and Roth money separate

Workplace plans can hold two kinds of money. Each kind rolls into its own type of IRA.

The matching IRA keeps your money's tax treatment the same

Where workplace plan money goes in a rollover

IN YOUR PLAN		ROLLS INTO
Pre-tax money Not taxed yet	→	**Traditional IRA** Taxed when you withdraw it
Roth money Already taxed	→	**Roth IRA** Qualified withdrawals are tax-free

Your plan statement shows how much of each you hold. Source: IRS, Publication 590-A.

PATH 2 · CURRENT EMPLOYER'S PLAN

Move money without taxes or penalties

Rollovers move money between retirement accounts without counting as a withdrawal. Done correctly, they avoid income tax and penalties. The table compares three ways to move money.

	Direct rollover	Indirect rollover	IRA-to-IRA transfer
How the money moves	Your old plan sends it straight to your IRA	The plan pays you, and you deposit it in your IRA	Your old IRA custodian sends it straight to your new one
Taxes withheld	None	20% from workplace plans	None
Deadline	None	60 days to deposit the full amount. Any shortfall is taxed and may draw the 10% penalty before 59½.	None
How often	No limit	Once every 12 months between IRAs	No limit

Indirect rollovers require you to replace the 20% withheld

Example: $100,000 moved by indirect rollover from a workplace plan

PAYOUT
You receive $80,000
The plan withholds $20,000 for taxes.

→

WITHIN 60 DAYS
You deposit $100,000
The extra $20,000 comes from your other savings.

→

TAX TIME
$20,000 credited back
The withheld amount counts toward your tax bill when you file.

Deposit only $80,000, and the missing $20,000 counts as a taxable withdrawal.

Source: IRS, Publication 590-A.

To use a direct rollover, open the IRA first. Then ask your plan administrator to send the money straight to it. **With a Growth Account, your only step is signing the transfer forms. Our Rollover Concierge handles the rest of the rollover or transfer.**

PATH 2 · CURRENT EMPLOYER'S PLAN

Know when a 401(k) can stay put

Rolling over isn't always the better choice. Leaving money in a former employer's plan can make sense for these reasons.

Reason	Why it can favor staying
Rule of 55	If you leave your job in or after the year you turn 55, withdrawals from that plan skip the 10% penalty. Rolling the money into an IRA ends this until 59½.
Creditor protection	Federal law shields most workplace plan money from creditors. Outside bankruptcy, IRA protection depends on your state's laws.
Lower costs	Large plans can offer institutional fund shares with lower fees. Compare your plan's expense ratios with what an IRA would charge.
Employer stock	Company shares taken out of the plan in a lump-sum distribution can get lower taxes on their growth. Rolling them into an IRA loses that tax break.
Backdoor Roth	Higher earners sometimes convert traditional IRA contributions to a Roth. The IRS taxes conversions in proportion to all pre-tax IRA money, so a rolled-over 401(k) can make them taxable.

Sources: IRS, 401(k) Resource Guide, General Distribution Rules; IRS, Publications 575 and 590-B.

LIFE EVENTS

Which life events move you closer to a Growth Account?

Saving from income raises your net worth and IRA balance a little each year. Some life events raise them in a single step. Check the table to see whether an event you expect to happen raises your net worth, adds money to your IRA or does both.

Event	Raises your net worth	Adds money to an IRA
Saving from income	Yes	Up to the yearly limit
Rollover from a former plan	No	Yes, with no limit
Inherited IRA	Yes	Yes. It arrives as an IRA.
Inherited cash or property	Yes	Up to the yearly limit
Vested equity	Yes	Up to the yearly limit
Home value growth	Yes	No

For most workers, only rollovers and inherited IRAs can add large amounts to an IRA at once. Self-employed workers can contribute far more through a SEP IRA.

After any of these events, check both numbers again. Once your net worth reaches $500,000 and your IRAs hold $200,000, you meet both requirements.

LIFE EVENTS

What are the inherited IRA rules?

We accept inherited IRAs. Spouses can treat an inherited IRA as their own. Other heirs keep it as a separate inherited IRA, which follows its own withdrawal rules.

Heir	Rule
Spouse	Can treat it as their own IRA
Most other heirs	Empty it within 10 years. Take yearly withdrawals if the owner passed away after their own required withdrawals began. Roth IRA heirs skip the yearly withdrawals.
The owner's minor children, heirs who are disabled or chronically ill, and heirs no more than 10 years younger than the owner	Can spread withdrawals over their own life expectancy. Minor children switch to the 10-year rule at 21.

Missed withdrawals carry a 25% tax. The tax drops to 10% when the missed amount is corrected promptly.

Sources: U.S. Department of the Treasury and IRS, T.D. 10001, July 2024; IRS, Publication 590-B.

What rules come with other one-time events?

Two other events on page 13 come with their own tax rules.

Event	Rule
Inherited cash or property	It generally isn't taxable income to you. Inherited property usually takes its value on the owner's date of death as its cost basis. That can shrink capital gains tax if you sell.
Vested equity	Restricted stock units count as taxable pay when they vest. Stock option rules depend on the option type.

Sources: IRS, Publications 525 and 551.

REACHING BOTH REQUIREMENTS

What does reaching both numbers look like?

This hypothetical example follows one Builder until he meets both requirements. It leaves out investment returns.

Age 45
Marcus, an IT project manager, gets a Builder result. His net worth is $400,000, including $350,000 in a rollover IRA.

Age 45
He raises his 401(k) contribution from 4% to 6% of his $125,000 pay. With the full match, $11,250 a year goes into his 401(k).

Age 52
His employer's equity grant vests and adds $30,000 after taxes. His net worth reaches $508,750.

Age 52
He meets both requirements. His net worth tops $500,000, and his rollover IRA holds more than $200,000.

Math: $400,000 + 7 years × $11,250 + $30,000 = $508,750. Assumes no raises, no investment returns and no other changes to net worth. Hypothetical example for illustration only. It doesn't represent any actual AQS client.

At 52, Marcus meets both numbers

Marcus's net worth and IRA balance at 45 and 52. Dashed lines mark each requirement.



Navy bars meet the requirement.

Key points

Two numbers to check

You can open a Growth Account once your net worth reaches $500,000 and you hold $200,000 in an IRA. Home equity counts toward net worth. Only IRA money can fund the account.

Why a modest share

Our strategies carry above-average volatility. Keeping the $200,000 to 40% or less of your net worth means a drop is less likely to change your plans.

Grow your net worth

Pay off the highest-rate debt first. Keep an emergency fund so retirement money stays invested. Money you save in an IRA or SEP IRA counts toward both numbers.

Make the most of a current plan

Contribute enough to get your employer's full match. Increase your rate each time your pay goes up. The money can move at a job change, at 59½ through an in-service rollover or from money you rolled in earlier.

Move money safely

Ask for a direct rollover. Indirect rollovers withhold 20% and give you 60 days to deposit the full amount. Pre-tax money goes to a traditional IRA, and Roth money goes to a Roth IRA.

When staying makes sense

The Rule of 55, creditor protection, lower costs, employer stock and backdoor Roth conversions can favor leaving money in a former employer's plan.

Life events

Rollovers and inherited IRAs add the most money to an IRA at once. Inheritances and vested equity raise net worth. Check both numbers again after each event.

Moderate quiz answers

The Growth Account fits money you'd leave invested through a 30% drop for years. If that doesn't describe how you want to invest, the Builder investor type is right for now.

This guide is educational. It isn't investment, tax, or legal advice.

Quantitative investment strategies for IRAs, managed by a New York State registered investment adviser.

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