Retirement Plan

Update

Issue 3, 2017

Because the time is now...

Keeping an Eye on Your 401(k) Plan Account

The 401(k) salary deferral plan has become the retirement planning vehicle of choice for many employees. These plans allow employees to put money aside each payday on a tax-deferred basis for retirement. Many employers match all or part of the employees' contributions, again without immediate tax on the matching contributions. And most 401(k) plans allow employees to make their own investment decisions from among choices offered by the plan.

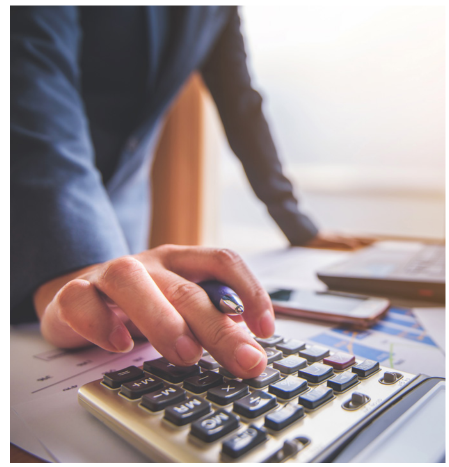
401(k) Safeguards

- Confirm contribution amounts.
- Analyze investment returns.
- Check allocations of employer contributions.
- Monitor statements.
- Address problems immediately.

But the popularity of 401(k) plans has led to questions about the safety of employees' money. Reports of mismanaged investments, bookkeeping errors, and out and out fraud are giving government officials — and plan participants — reason for some concern. Unlike traditional pension plan benefits, 401(k) plan balances are not protected by government pension insurance. While the vast majority of employers are aboveboard in dealing with employee money, some aren't. And even the best recordkeeper can make mistakes.

How can you protect your 401(k) plan account against errors — or worse? Here are some suggestions from the U.S. Department of Labor.

- Make certain that the amounts withheld from your pay match the contributions made to your account. You can check this by comparing your pay stub against your 401(k) statements. If you have any questions, ask your plan administrator for an explanation.
- Make sure the plan's eligibility and vesting formulas have been properly applied to you. For example, make certain the years-of-service figure you have been credited with is accurate.
- Analyze your investment returns. Make sure investment earnings are being properly credited to your account.
- Find out how often contributions are being deposited into the plan. Under current regulations, an employer has up to 15 business days after the end of the month in which employee contributions are withheld or received by the employer to make a deposit with the plan. But that's a maximum. Deposits should be made as early as they reasonably can after the contributions are made.
- Make sure any employer matching contributions are properly allocated to your account. Recordkeeping errors, for instance, could deprive you of money that belongs in your account.



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FA Name

Title

Address
City, State, Zip
email

Phone 1
Phone 2
Website

- Check your account balance regularly. Read your statements carefully. Many plans provide written annual statements but allow employees to call a toll-free number to obtain more current account information. Take advantage of this information source in keeping track of your account.
- Ask about any discrepancies you find. If you suspect a problem, file a written claim with the plan administrator. By law, the administrator must respond to your inquiry.

While the tax and pension laws are filled with provisions protecting the accounts of plan participants, the government does not have the resources to police every 401(k) plan in the country. So, employees are, to a large extent, left on their own to monitor their own plan accounts. We can help you analyze your 401(k) plan account. Call us for more information.

Don’t Wait To Save More

Does it seem like it’s never a good time to save more for retirement? Do other financial needs always seem more pressing? Whether it’s repaying a college loan, buying a car, taking a vacation, saving for a house, or just paying household bills, there are always going to be pressures on your budget. If you keep waiting for a “good” time, you may never increase the amount you are saving. Then you could be at risk of not having a retirement that’s financially secure.

Don’t Leave Your Future to Chance

Because the future is impossible to predict, you can’t know exactly how much money you’re going to need for retirement. But you do know that the more money you save now, the better off you’re likely to be later on. That’s why it’s smart to save as much as possible in your retirement plan.

Timing Is Everything

The sooner you start saving more for retirement, the better. An early start will give your money more time to benefit from compounding. If you wait too long to start saving more, your money will have less time to grow. Delaying a contribution increase could mean that you’ll have to put aside larger amounts later to reach your retirement savings goal.

So make the choice today to make saving for retirement a priority. Take a close look at your budget to find places where you can cut back a little. Adding those few extra dollars to your retirement savings plan could make a big difference in your account value over time.

A Little More Now, a Lot More Later

Increasing the amount you save for retirement earlier in your career may make a big difference in the amount you have when you’re ready to retire. Compare the account value after 30 years of four different saving strategies.

$100,452	$123,554	$135,101	$149,643
Save $100 a month for 30 years	Save $100 a month for 10 years, then $150 a month for 20 years	Save $100 a month for 5 years, then $150 a month for 25 years	Save $100 a month for 5 years, then $150 a month for 10 years, then $200 a month for 15 years

This is a hypothetical example used for illustrative purposes only. An average annual return of 6% and monthly compounding is assumed. It is not representative of any particular investment vehicle. Your investment results will be different. Source: DST