



Your Financial Health

What's So Great About a 401(k)?

By now you have heard about how important it is to plan for your retirement. Fortunately for you, many companies offer 401(k) plans as a benefit to help you save. Not only do they offer this retirement savings vehicle that allows you to invest your earnings in a tax advantageous manner, some companies offer some type of contribution or match.

What does this mean for you? If a company offers a dollar for dollar match, that means every single dollar you put into your 401(k) is basically doubled. Companies that offer limits usually will offer a percentage of matching retirement dollars, but only if you also contribute. This usually means that the company will match up to 5%(or more) based on what the employee contributes. If you contribute 1%, your company will also contribute 1%. If you contribute 3%, your company will also contribute 3%. It is FREE money! Your goal with this type of matching program is to contribute at least enough to your 401(k) to qualify for the largest match you can get from your employer.

All of your contributions into your 401(k) plan are pre-tax. This is a huge benefit because it allows you the opportunity to invest more of your earnings and puts those dollars to work and grow for your retirement.

If you are not currently investing into your 401(k) – start small with a 1% or 2% contribution. Just taking this step gets you on a better path for your retirement. If you already contribute to your 401(k) – can you increase by 1% or more? Remember, your goal is to increase your contributions so that you are getting the maximum match from your company.

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