

Improve 401(k) performance with these tips

In addition to the below tips, make sure to fully understand asset allocation and the fees being charged. Many 401(k) plans have fees subtracted by the firm that invests and manages the account. If a client is 59 1/2 years old and still working at the same firm where the 401(k) is, the funds can be rolled to a self-directed IRA without any tax exposure. This allows the client to select an asset allocation that might be more timely, especially as retirement age draws closer.

A 401(k) at a former employer can be rolled to a self-directed IRA at any time. This tax-free transfer allows many more options for investing.

1. Be Informed: Be well-versed in all aspects of the current 401k plan. Employees can advocate for changes they would like to see an employer adopt. If, for example, they would like to add an option to add a mutual fund, a call to a mutual fund company for information on choices might help.

2. Be Involved: If a company is considering 401(k) plan changes right now, this is the time for employees to make their opinions known. The average company changes 401(k) plans more frequently than most employees realize, and those in charge are usually open to suggestions.

3. Be a Company Asset: Befriending the Benefits Director may be the way to see changes implemented. They have greater decision-making clout and influence when it comes to the choice of company retirement plans. Providing information to the Benefits Director on how employees would like to see retirement options structured may help them craft a more responsive program.

4. Be Open to Help: Some employers have other groups that might assist in influencing change, such as an employer-sponsored group, or a union-if applicable. These groups have experience in helping employees advocate for change.

5. Be Willing to Try Grassroots Efforts: Consider starting a grassroots movement to advocate for change. It may sound trivial, but a petition with signatures of those employees who share common opinions on changes in the company 401(k) plan might make an impression on the higher-ups. Negative feedback might be likely, but it might also be as likely to find more like minded coworkers who are as ready for a change.

6. Be Patient: Nothing happens in an instant-especially major change like the adoption of a new 401k plan. Keep persevering until changes are addressed. Remember: today's 401(k) plan will significantly impact the financial future of employees when it comes time to retire. 401k plans are designed for the benefit of employees, so make sure the plan delivers on its promise.

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‘Layin’ it on the line’
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