Get the Most Out of Your Retirement Plan

Set a Retirement Savings Goal

Try to put 10-15% of your current income towards your retirement account, which includes any contributions your employer makes on your behalf. Advisors typically recommend you save enough to replace 75% of your current income. While this is a good place to start, you may need to adjust these targets based on when you plan to retire and your expected lifestyle in retirement. At the very least, make sure you contribute enough to take full advantage of any match programs offered by your Employer.

Consider Your Roth Account Options

Some retirement plans give you the choice to contribute on a Pre-Tax and Roth (After-Tax) basis. Consider if making Roth contributions is a good option for you. Money held in a Roth account grows tax free and your qualified distributions are not subject to Income Tax. Many retirees benefit from having both Roth money and Pre-Tax money available to access during retirement.

Increase Your Deferral Rate

If your plan offers it, set up automatic increases to your deferral rate at regularly scheduled intervals. If possible, scheduling your increase to coincide with an expected pay raise will allow you to put more aside for retirement without seeing a decrease in your take-home pay. Increasing your deferral by just 1% each year can have a huge impact on your account balance by the time you retire.

Rebalance Investments Periodically

As your life changes, so should your investments. Consider rebalancing your portfolio periodically. Your risk tolerance and the amount of time before you plan to retire changes as you age or experience life changing events. Reevaluate your holdings every once in a while to see if they still align with your overall financial goals.

Review and Update Your Bene ciaries

Keeping your beneficiary designations up to date in a timely fashion protects those you love most. Beneficiary designations on your account actually trump your other legal documents. Without any designation on file, your beneficiaries are doomed to endure a long and expensive undertaking while your assets go through the probate process. Update your accounts any time you experience a major life event, such as, divorce or marriage, the birth or adoption of a child, or the death of an existing beneficiary.

Avoid Early Withdrawals or Plan Loans

Early withdrawals and plan loans can come with a lot of unexpected costs. They can temporarily reduce your ability to contribute to the plan, both can have tax implications, both decrease your account's future earning potential, and plan loans specifically reduce your take home pay while you are repaying the loan. Always consider other options before resorting to tapping retirement assets for non-retirement expenses.

Schedule Time for a Financial Check Up

You visit your doctor to check on your physical health each year, schedule time to check on your financial health too. Set aside time annually to review your beneficiaries, addresses, contact information, investment allocations and contribution rates, and rollover or account consolidation options.

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