

Don't Ignore this Key Retirement Planning Asset

3 Reasons You Should Look at Your 401k Now

By Michael Carlin, AIF, WMS
(480) 483-3489 ~ mcarlin@wealthmgllc.com



Your 401k is one of the most vital retirement planning assets you have; yet, it's the one most people pay the least amount of attention to. Many have never looked at their own 401k statements, they've never reviewed their portfolio online, and the only time they've ever thought about what investments they're in is when they signed up. Sound familiar? If so, take action. Start by making sure you're *not* doing the following.

Not thinking about how much you can contribute and the tax implications. Think about your needs first. How much can you afford to put into your 401k, and what kind of tax breaks and deductions will this give you?

Not giving thought or consideration to what it's going to cost you by *not* taking advantage of all the employer contributions available. You have to understand what kind of commitment the employer is making to you with contributions. Usually, employees are required to make salary deferrals in order to get contributions from the employer. You want to take advantage of any options available to you; for example, your employer matching 3% and giving you 100% on your return. Once again, think about how much you can afford to put in. Even if it's not 3%, every little bit adds up over time. By contributing nothing, you're missing out on extra money for your retirement.

Not reviewing your investments. Most people pick investments when they set up their 401ks and then never look at them again. The market is *always* evolving and changing, so you can't just ignore your money if you hope to retire comfortably. There are certain market environments where you're going to want to be more aggressive and certain market environments where you're going to want to be more risk averse. When the market is in disarray, you want to make subtle switches to be more aggressive; when the market is at a high, you want to be less aggressive. By employing this strategy, you're going to do a lot to impact your rate of return long term. Typically, people do the exact opposite because they haven't looked at their investments in a year, maybe longer. They panic or want to jump in and buy and sell at the wrong time. Investing isn't gambling; it's a long term, fundamental process.

Focus on the long term

Don't lose sight of the fact that a retirement plan is there *for your retirement*. Too often, people will make investments based on what's happening the next month. It can be a difficult process because we're not

accustomed to making long term decisions. We're used to decisions like *can I buy a car? When am I going to get new clothes?* These are not anywhere near the same as saying *I've got to plan this with money I'm not going to see for a long time.* It takes a whole other level of emotionless discipline.

Get professional help making decisions

If you feel like you're unable to be that emotionless, disciplined investor, that's okay. Your retirement plan likely has resources at the mutual fund company it's through, the adviser associated with the plan, or your own personal adviser. It's not necessarily about the professionals knowing more than you do; they're able to make clearer investment decisions because it's not their money. Financial experts can also help you model what this will look like not just today, but moving into the future. Get the support you need to properly move your portfolio forward.

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Michael Carlin, AIF, WMS, is the Managing Member and Principal of Wealth Management, LLC, affiliation of Henry & Horne, LLP. He founded the firm in 2005 which has already become one of the most highly regarded independent wealth management practices in Arizona. Contact Michael at (480) 483-3489 or mcarlin@wealthmgllc.com.

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OSJ Branch: 12671 High Bluff Dr. Suite 200, San Diego, CA 92130.

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WEALTH MANAGEMENT LLC

Tempe
2055 E. Warner Road
Suite 101
Tempe, AZ 85284
(480) 839-4900

Scottsdale
7098 E. Cochise Rd.
Suite 222
Scottsdale, AZ 85253
(480) 483-3489

Casa Grande
1115 E. Cottonwood
Suite 100
Casa Grande, AZ 85122
(520) 836-8201

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