

## Individual 401k/403b Plan Guidance

Most people in the workforce today will not have the future financial security of a fixed pension when they go to retire like prior generations did. Most will have to save individually or through their employers via some type of group retirement plan specific to the employer. In the private sector this can be of various types of plans: 401ks, Profit Sharing Plans or Employee Stock Option Plans or other kinds of stock compensation plans that offer restricted stock. Some companies also offer additional deferred compensation plans to certain employees. Some of these plans will have pre-tax savings and some offer after tax savings.

If you work for a state or municipal entity it is likely that you will have a different kind of plan but with similar attributes, such as 403b plan or a Tax Deferred Annuity plan. Some municipal entities do still also provide pensions but many do not. Such entities may include hospitals, schools, and a myriad of other labor forces that provide valuable services at the state or municipal level. This covers a gamut of entity types and types of workers and laborers.

The great divide.

Chances are if you have a long, enduring and successful career when you go to transition into retirement these plan assets will represent one of the most valuable assets you have if not the most valuable asset. The divide is most of the plans offer very limited guidance on how to best manage and steward these plans and assets. In majority you are left to go it alone, do your own homework, and use your best judgement to make the best investment choices you can given your options.

This is where I can help my clients and add meaningful value to the process. Many 401k plans offer you the ability to work alongside your financial advisor in managing and overseeing your plan.

Unfortunately, this option is not available on every plan either in the private or municipal sector but it is available on many plans.

If you have a 401k plan, your plan may have a Self-Directed Brokerage Account option (aka, a SBDA) that allows a professional advisor to essentially co-advise the plan assets with you and review it on a regular basis. This typically involves activation of the plan's brokerage window and picking a proven professional money manager to enjoin to your plan. This also has the added value of giving you additional attractive investment options within your plan.

If you have a 403b plan, the landscape is similar, your plan may afford you the opportunity to have your plan assets co-advised through a competent and proven professional money management firm, giving you a very valuable added layer of plan oversight and stewardship. Again, not all 403b plans offer these options but many do.

I liken this to someone who really wants to get in better shape but has not been to the gym in a while or never has. This would be analogous to using a well-trained, well-educated fitness trainer to assist you on the many facets of exercising properly and using the equipment correctly. You certainly could go it alone but chances are you would be far more effective and improve your chances of success using the assistance of the trained professional.

### **How do I know if my specific plan offers this option?**

Many employees do not read into their specific plan documents in any great detail, but all 401k plans have what is called a plan document that stipulates all of the specific facets and features of your plan. In the 403b marketplace it is more a matter of the investment carriers available within your 403b plan that determine availability.

I would say call me first and we can first establish if this is a sensible planning consideration for you. If we agree it is, we can find out more from there. This certainly is a great question for you to explore and it shows additional attention and care over your own future and savings. This will also likely increase your chances of success over time; versus those who simply set it and forget it or do not give it the attention it deserves.

*I wish you great success in your savings and your future!*

*Todd M*