

With the advent of internet based 401(k) plans, we at Magnolia can now manage your 401(k) plans also, depending on your plan. We can help with deciding which funds and how much company stock to put into your 401(k), based on your total financial plan. We can also help with tax-free rollovers into your IRA if you leave your job or retire.

Please contact us if you need help with your 401(k) plan. Most large companies now provide 401(k) plans for their employees, where the employees can put in a portion of their salary and the company will match that portion up to certain percentage. These plans are gradually replacing the traditional pension plans where the employers put money in the plan for the employee who then drew a check at retirement. In a 401(k) plan, the employee is now responsible for the investment returns, as opposed to the employer. This has obviously helped the employers as they don't have to contribute the whole amount.

Unfortunately, the 401(k) plans are difficult for employees who have little experience in investments and certainly don't have the time to research and track their investments while they are working and taking care of their families.

We can help in these areas. We will be happy to analyze your current 401(k) plan options and help you choose the best investments to fit into your comprehensive financial plan.

Then upon retiring or leaving your position, we can help even more by helping you roll over your 401(k) into an IRA without any taxes or penalties. Research has shown that it is almost always better for people to roll the money out of the 401(k) plan, because the choices in the 401(k) plans are limited in quality and quantity. There are usually only a few mutual funds to choose from and they are usually lower rated than we can get for an IRA.

In a rollover IRA, we have more than \$10,000 different investments from which to choose including stocks, bonds, mutual funds, money markets, Treasuries, precious metals and even real estate. The 401(k) plans unfortunately do not have that breadth of choice or quality.

In addition, the financial planning options are much greater in a rollover IRA than in a 401(k). For example, by using individual bonds with definite maturity dates, we can strategize as to when you will need the money during retirement. 401(k) plans only offer bond mutual funds, which go down when interest rates go up, since the funds don't have maturity dates. This makes them riskier. Also, the advantages of using individual stocks in an IRA are much higher than using the stock mutual fund choices in 401(k) plans.

If you are or anyone you know has 401(k) plan that they need help with at work or are eligible roll it over into an IRA, please contact us.

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