

Money Fix: Take stock of your 401(k)

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The end of the year is a good time to take stock of your 401(k). For starters, check what percentage of your salary you're contributing, and what percent your employer matches, if any.

Don't miss out on any matching money: "Contribute enough to get the full match," says Charles Massimo, president of CJM Fiscal Management of Melville. Most employers match 50 percent of employees' salary deferrals, up to 6 percent of pay, which amounts to a match of 3 percent of pay.

Check your investment choices: "Many people make the choices when they are hired, and very rarely manage the account after that," said Craig J. Ferrantino, president of Craig James Financial Services of Melville. Generally, the more years until you retire, the greater the risk you can take on. Check with a financial adviser for recommendations.

If your employer match was cut, it might have been restored: A survey of 260 companies showed that 75 percent of those that suspended or reduced matches during the economic downturn have restored their match, business consultant Towers Watson reported last month.

Even without an employer match, making pretax contributions has advantages: "Contributing to a 401(k) plan reduces your taxable income," Massimo said. "If you earn \$40,000 annually and you put away \$2,000 a year (5 percent of your salary) in a 401(k) plan, you only pay taxes on \$38,000." This year's personal contribution limit of \$16,500 rises to \$17,000 for 2012. If you're 50 or older, the limit goes from \$22,000 to \$22,500.

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