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OCTOBER 22, 2018

28 Trillion Smart Decisions

By Christina Kilroy

Have you ever done one small, smart thing that ended up making a huge difference in your future? I'm not talking about blind luck—like buying a ticket that turns out to be the winner in the (currently) $1.6 billion Mega Millions. No, I'm talking about small, smart decisions that can materially affect us later in life.

For some retirement savers with a workplace defined contribution plan, like a 401(k) or a 403(b), that decision may be enrolling or electing to automatically escalate contributions. For others, it may be rolling over an old 401(k) to an individual retirement account (IRA) to consolidate and simplify their retirement savings. These decisions add up—and for working Americans, they add up to more than $28 trillion saved for retirement. As far as I'm concerned, that's 28 trillion small, smart decisions.

This National Retirement Security Week, October 21 to 27, we'd like to encourage everyone to take one small, smart step for their financial future—whether you're just thinking about getting started, or whether you've already made it a priority to save for retirement. Find one that makes the most sense for you and take a little time to do it this week.

- *Enroll.* Your employer can walk you through how to enroll, and it's probably easier than you think. Even if you don't save much to start, it's important to take the first step—you can always increase your contribution rate in the future.
- *Make sure you're maxing out the employer match.* Three out of four 401(k) plans include some kind of employer contribution, which is often based on how much the employee contributes. Your employer's contribution is free money for you. Find out how to get the most out of your plan's match, so you don't leave money on the table.
- *Save for retirement, even without a 401(k).* If you don't have a workplace 401(k) or similar plan, you can still save money for retirement. IRAs are a great option because they offer similar tax advantages as employer-sponsored retirement plans.
- *Preserve your nest egg.* If you've changed jobs recently, don't forget about the retirement savings you've already set aside—and don't be tempted to cash out your 401(k), even if your balance is small (you'll face a major tax bill, including a 10 percent penalty on the taxable portion of your withdrawal, if you do). Instead, consider rolling those funds into an IRA or moving them into your new employer's plan.
- *Contribute now to catch up.* If you're 50 or older, you can make "catch-up" contributions to an IRA or 401(k). For traditional and Roth IRAs, older savers may contribute an additional $1,000, for an annual limit of $6,500. Eligible 401(k) savers may contribute an additional $6,000.

Put together enough of these small, smart decisions, and you can put yourself on track for a better, more secure retirement.

Find even more tips at https://factsonretirement.org/tips.html.

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