

Focus on Funds: An End-of-Summer Checkup for Your Long-Term Savings

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Now is the perfect time to ensure your long-term savings are on track. In the August 28, 2020, edition of *Focus on Funds*, ICI Senior Director of Retirement and Investor Research Sarah Holden offers a helpful checklist.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: Sarah, since so many of us are taking staycations this summer and putting around the house doing projects as a result, what are the things you recommend us to maybe do a little financial housekeeping as well?

Sarah Holden, ICI senior director of retirement and investor research: The first place to start is if you work for an employer that has offered you a plan like a 401(k) or a 403(b), there should be a website for that plan that will have a wealth of information for you.

So the first thing that you want to check to be sure is that you have taken full advantage of the employer contribution. Often, it is the case that the amount that the employer contributes to your account depends on how much you contribute. So you want to find that match formula and make sure that you have taken full advantage of it—because otherwise, you are literally leaving money on the table.

And if you're not so much a do-it-yourself investor, you might want to look to see if there is a target date fund. And what the fund does for you is an investment professional invests in a diversified portfolio—so a mix of stocks and bonds—that rebalances over time as you're approaching retirement. And as the fund is approaching the target date, it'll become more focused on income and less focused on growth, because as you get to retirement, that's what you'll be more focused on.

Ortvals-Tibbs: The next thing you could do is look at creating or building up your IRA—your individual retirement account.

Holden: Yes, IRAs are a great option whether you have a plan at work already, or especially if you don't have a plan at work already.

You could open a traditional IRA—in which case, if you're eligible for a deductible contribution, you save on taxes now. Alternatively, you could open a Roth IRA. And with a Roth IRA, you pay taxes on the contribution now—so it's an after-tax contribution.

So now you've figured out traditional or Roth—the next step of course, is choosing the investments. And again, it's key to decide whether you're do-it-yourself, or whether you'd like to have some help—either an adviser help you choose them or to choose that target date fund we talked about earlier.

Additional Resources

- [Recent Podcast Appearances](#)
- [401\(k\) Resource Center](#)
- [IRA Resource Center](#)
- [Retirement Resource Center](#)

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