



Consumer Sense

Brought to you by the office of Tonya M. Harper and CUSO Financial Services, L.P. (CFS*)

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Taking Advantage of Employer-Sponsored Retirement Plans

Employer-sponsored qualified retirement plans such as 401(k)s are some of the most powerful retirement savings tools available. If your employer offers such a plan and you're not participating in it, you should be. Once you're participating in a plan, try to take full advantage of the benefits offered.

Understand the Plan

Before participating, be sure to fully understand how the plan works. Read everything you can about the plan and talk to your employer's benefits officer. You can also talk to a financial planner, or a tax advisor. Some key features that many plans share are: automatic payroll deduction of contributions, flexibility as to the amount of salary

deducted up to the legal limit, income tax deferral on contributions made to the plan, and protection of plan assets from creditor claims.

Contribute as Much as Possible

Why put your retirement dollars in your employer's plan instead of somewhere else? One reason is that the pretax contributions to your employer's plan lower your taxable income for the year. This means you save money in taxes when you contribute to the plan--a big advantage if you're in a high tax bracket.

Participations also allow you to tap into the power of tax-deferred growth. Your investment earnings compound year after year and aren't taxable as long as they remain in the plan. Over the long term, this gives you the opportunity to build an impressive sum in your employer's plan.

Know Your Options

When you leave your job, your vested balance in your former employer's retirement plan is yours to keep. You have several options at that point, including taking a lump-sum

distribution. This is often a bad idea, because you'll pay income taxes and possibly a penalty on the amount you withdraw. Plus, you're giving up continued tax-deferred growth. You can leave your funds in the old plan, which may be a good idea if you're happy with the plan's investments or you need time to decide what to do with your money. You can roll your funds over to an IRA or a new employer's plan if the plan accepts rollovers. This is often a smart move because there will be no income taxes or penalties if you do the rollover properly.

Who Can Help Me?

Employer-sponsored plans can be complicated and sometimes hard to understand. If you have questions regarding a 401(k) rollover, or other financial planning questions, contact a CFS* Financial Advisor today at **303-728-3443**, email cfsinvsrefs@bellco.org, or stop by any Bellco branch to schedule a personalized complimentary appointment.

Investment Services offered through CFS*

Have you read...

Retirement Plan Basics: A Guide for Qualified Plans by *Stephen Abramson*

Please visit this source for more information:

<http://www.ebri.org/>

Interested in Learning More? Contact Tonya M. Harper at:

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