



401k Fees and Rollover Options

These fees could erode your retirement savings as much as 30% over time

Understanding the fees associated with your retirement accounts is very difficult. But, if you don't know or understand how much you're paying in fees associated with different investment options, how can you know if you're overpaying for certain funds and limiting retirement balances from increasing more fully? Phyllis Borgi, the assistant secretary of labor for employee benefits security said that she was troubled by the complex fee disclosure format that some companies have put out.

Some companies have tried to hide, confuse, or be very non-specific in their disclosure of these fees.



The US department of labor reports 401k accounts typically charge fees of 1–2% for administration and management fees. These fees are deducted from your retirement savings every year on the full value of your account even if your account loses value. Fees of 1-2% may seem trivial, but over 20-30 years – even at just 1% – this means 20-30% less money at retirement, and 20-30% less income at retirement. This could cost you hundreds of dollars each month for the rest of your life.

A 401k rollover to a self-directed IRA may be an option for you, even if you are still employed with the company. If you are aged 59½ or older and looking to keep your retirement savings in a safe and secure, contractually guaranteed account, a fixed indexed annuity could be right for you.

The US Security and Exchange Commission reported that \$200 Billion have been deposited into Fixed Indexed Annuities. Fixed indexed annuities are excellent retirement and estate planning tools. Your retirement money cannot be put at risk like traditional retirement accounts. However, it is important not to group all annuities into the same category. Variable Annuities are invested in the stock market and are exposed to the ups and downs of the market and can result in a loss of your retirement funds.

A fixed indexed annuity may be a good choice if you want the opportunity for accumulation, but do not want to risk losing money in the market. We invite you to contact us to explore how Fixed Indexed Annuities can help you to grow and protect your retirement savings.

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If you do want to make a gradual retirement transition, what might help you do it? First of all, work on maintaining your health. The second priority: maintain and enhance your skill set, so that your prospects for employment in your sixties are not reduced by separation from the latest technologies. Keep networking. Think about Plan B: if you are unable to continue working in your chosen career even part-time, what prospects might you have for creating income through financial decisions, self-employment or in other lines of work? How can you reduce your monthly expenses?

Easing out of work & into retirement may be the new normal. Pessimistic analysts contend that many baby boomers will not be able to keep working past 65, no matter their aspirations. They may be wrong – just as this active, ambitious generation has changed America, it may also change the definition of retirement.

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Citations.

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