Keep Your 401K Check-in Appointment

We are more than half way through 2019 so we’re going to take a blog to check-in with your 401k plan to make sure you are doing the most you can do with your investments and helping ensure that the rest of the information is correct on your plan.

**Review your beneficiaries**

It is important to review your beneficiaries at least once a year, especially if you’ve gotten married, divorced or have had a child in the last year. Because employer-sponsored 401ks are transferable on death, you want to confirm that the beneficiaries are who you want them to be. This helps avoid additional messy inheritance, tax and legal issues when you die, making sure your spouse and children split the funds equally for example. If you’ve been with your employer for many years, perhaps you never set up a beneficiary when you started because you were single. Now, you have a spouse and kids, you don’t want them to have to fight for the money upon your death either. If you have two people in your life, it’s smart to name a beneficiary and a contingent beneficiary in case your primary passes way before you update your forms as well. And no, your will or trust doesn’t trump your 401K; in fact, it’s the opposite which is why an annual check-in is so important. Make sure that your beneficiaries know that they are listed as you don’t want them to miss out on the finances you leave behind.

**Review your asset allocation**

Take a moment to think about how risk tolerant you are, mostly based on how close you are to retirement age. If you are 50, you may want to stay conservative. If you’re 30, you can be a little riskier with your 401k asset portfolio. One thing that many experts recommend is diversify, especially if you are younger. The plan your employers has selected to invest in is probably a good plan, but not the only place you should be investing your 401k. This is where a certified financial planner can help you select different funds to invest in based on your other investments, risk tolerance level, etc. Funds can include index funds, stock funds or bond funds.

**Rebalancing**

Rebalancing your 401k is important to do after you review your asset allocation and most people don’t even know about this step. This again is based on your target retirement date and risk tolerance. Rebalancing helps risk control. The market changes, so the index fund is in flux every time that happens. If you invested 50% in stocks and 50% in bonds, that will shift overtime due to a strong or poor market performance and the the state of the economy. And over time, you are getting older/closer to retirement/less risk tolerant, so you likely want less invested in stocks and more invested in bonds.

If you don’t review your 401k plan in the summer, just remember to give it a review when your employer has open enrollment, at end of the year or beginning. You can’t fix what you don’t know needs fixing and your money should be working for you, where you are in relation to retirement and step one is knowing what’s happening; taking a quick assessment annually.

Create The Life You Love®

If you have not taken the steps to Create The Life You Love®, or if you would like to review your plan, Jonathan P. Bednar, II, CFP® may be reached at 865-251-0808 or mailto:Jonathan@ParadigmWP.com www.ParadigmWealthPartners.com

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. Investing involves risk including loss of principal. No strategy can ensure success or protect against loss.

About Paradigm Wealth Partners

Paradigm Wealth Partners is an independent investment advisory firm that offers comprehensive financial planning. We serve individuals, families, and businesses near Knoxville, Tennessee and around the country. Professional financial planning services include investment planning, retirement planning, insurance, and estate planning. We invite you to schedule a free consultation to get a second opinion on your financial plan. To learn more about our team, visit our website, read our blog, or contact our office at 865-251-0808.