

What about my 401K?

Successfully making decisions on your 401 K are directly proportional to the level of research you do before making those important decisions. A little extra time asking the right people the right questions will give you peace of mind that you are making the proper decisions.

First and most importantly there are several people you should consult before making a decision on your 401K. You should talk to your company HR representative to verify any negative implications of rolling or accessing your 401K. Some job call backs, health benefits and/or severance packages can be adversely affected by accessing your 401K prematurely.

Also to be on your contact list is your tax preparer. There are serious income tax considerations on early distributions from your 401K. Most notably is the penalty for early withdrawal of 10% and regular income tax on the total amount of your withdrawal. When these taxes are calculated and totaled you may find you could be giving up much of your hard earned retirement nest egg.

In addition, when considering or collecting unemployment benefits you must first talk to Job and Family Services before making any 401 K decisions. Any distribution from your 401K could be considered income and could reduce your unemployment benefits.

Finally, consult your investment advisor as to the possible choices for your retirement account. If you do not currently have an advisor one can be found thru the Norwalk – Huron County Chamber of Commerce, your local bank and your local yellow page listings.

The bottom line is you must take a few moments and gather all of the required information so you can make a good business decision. Consulting your advisory team of your HR rep, tax preparer, Job and Family Services and investment advisor could save you thousands of dollars and a lot of headaches.