

Annual 401(k) Review

Forced savings, tax deferred gains, lower your tax rate, free match money, compounding growth and income to supplement social security income in retirement are all reasons to invest in a 401(k), 403(b) or 457 plan? Is your 401(k) set up correctly and on track to meet your retirement goals?

Review your full year-end statement and website every year for the information below. Most plans start your 401(k) in a default mode. See the example below. Your 401(k) is typically your primary retirement saving vehicle, so it is very important it is set up correctly.

Contributions

- Employee contribution rate 4% At least up to the match, max is \$19k or \$25k@50 plus match (2019)
- Employer match rate 4% 100% Vested or on a schedule
- Traditional pre-tax 401(k) contribution rate 4% Tax break now, lower tax rate in retirement. (Match goes here)
- Roth post-tax 401(k) contribution rate 0% Tax break later, higher tax rate in retirement.
- Verify your annual dollar contribution \$6,000 *
- Auto contribution increase Off Is the correct dollar amount going in? Are you close to the max?
On or turned off and reviewed manually each year.

Investments and Allocation

- Stock & bonds/cash allocation 85%/15% See the table below for your risk tolerance.
- Mutual fund portfolio 2040 100% Target Age Fund or diversified mix of funds.
- Current money and new money allocation Same Use same if the new and current money % correct in each fund?
- Auto re-balance setting Off Use off if you enter a new portfolio each year or target fund.

Performance and Balance

- Review your balance each year \$7,000 *
- Review annual rate of return each year 6% *
- Plan Annual Fees 0.2%* Make sure your balance is rising at the correct rate each year.
Compare to the appropriate benchmark below.
Plan annual fees typically 0.1% to 0.2% or \$20 to \$80.

Beneficiaries

- Primary beneficiaries Spouse 100% *
- Secondary beneficiaries Children 50%/50% *

Portfolio Asset Allocation & Risk Table

Fidelity Asset Manager Funds	40% FFANX	50% FASM X	60% FSANX	70% FASGX	85% FAMRX	100% PREIX
Risk Category	INCOME	CONSERVATIVE	MODERATE CONSERVATIVE	MODERATE	MODERATE AGGRESSIVE	AGGRESSIVE
% Stocks / % Bonds & Cash	40% / 60%	50% / 50%	60% / 40%	75% / 25%	85% / 15%	100% / 0%
Risk Description	Low	Low	Medium	Medium	High	High
Beta (10 year)	.75	.93	1.1	1.3	1.5	1.0
Standard Deviation (10 year)	5.9	7.2	8.5	9.9	12.0	12.5
Time Horizon Until Retirement	0 years	0 years	0 to 5 years	0 to 10 years	10 to 15 years	20 to 30 years
Annual Return (Past 5 years)	5.6%	6.3%	6.9%	7.5%	8.4%	11.4%
Annual Return (Past 10 years)	6.7%	7.4%	8.1%	8.8%	9.7%	13.3%
Annual Return (Past 15 years)	x	5.8%	x	6.3%	7.1%	8.7%
Best Year Return (Past 12 years)	26%	31%	33%	36%	39%	32%
Worst Year Return (Past 12 years)	-23%	-28%	-30%	-35%	-39%	-37%

The Risk Category, Risk Description and Time Horizon are defined by PDM Investment Services. The other numbers are from Morningstar ending December 31, 2019. Beta is volatility relative to the S&P 500 of 1.0 and Standard Deviation is return variation from the mean. Past returns are used for comparison between risk categories only. Future returns may be significantly different and are not guaranteed in the future.

T. Rowe Price Retirement 2050	TRRMX (90%/10%)	(60% US, 30% INT, 10% Bond & Cash)	Aggressive Risk
T. Rowe Price Retirement 2040	TRRD X (85%/15%)	(57% US, 28% INT, 15% Bond & Cash)	Moderate-Aggressive Risk
T. Rowe Price Retirement 2035	TRRJX (80%/20%)	(55% US, 25% INT, 20% Bond & Cash)	Moderate-Aggressive Risk
T. Rowe Price Retirement 2030	TRRCX (75%/25%)	(50% US, 25% INT, 25% Bond & Cash)	Moderate Risk
T. Rowe Price Retirement 2025	TRRH X (70%/30%)	(45% US, 25% INT, 30% Bond & Cash)	Moderate Risk

Annual 401(k) Review (Data Sheet)

Your Name: _____

Date/Year: _____

Plan Name: _____

Plan Type: _____

Custodian: _____

Contributions

- Employee contribution rate & dollar amount _____ Action (Raise or auto raise) _____
- Employer match rate & dollar amount _____ Vesting period _____

- Traditional pre-tax 401(k) contribution rate _____
- Roth post-tax 401(k) contribution rate _____
- Auto contribution increase on/off _____

Investments and Allocation

- Stock & bonds/cash allocation _____ Risk level _____
- Target Age Mutual fund portfolio _____
- Diversified Mutual Fund Portfolio _____

- Current & new money allocation same _____

Performance and Balance

- Account balance each year _____
- Annual rate of return to benchmark _____
- Plan Annual Fees _____

Beneficiaries

- Primary beneficiaries _____
- Secondary beneficiaries _____