



N6687 Wrightway Drive • Fond du Lac, WI 54937 • P. 920/921-6288 • F. 920/921-8718 • E. mark.feucht@feuchtfincial.com • W. www.feuchtfincial.com

## WHY LEAVE MONEY ON THE TABLE?

By: Chad Muehlbauer  
Feucht Financial Group, LLC  
11-28-2011

Are you taking advantage of Employer Matching Dollars? Yes, I am talking about the match that your Employer offers you for contributing to your 401(k) or other retirement plan at work. According to FINRA (the Financial Industry Regulatory Authority), there is approximately 30% of American workers that are not contributing enough to their 401(k) plans to receive a full employer match. One of the most common matches is a dollar-for-dollar match of up to 3% of an employee's salary.<sup>1</sup>

Understandably, there are still some employers that cannot afford to give annual raises, or are unable to ensure 40 hours of work per week. Many folks on a tight budget may think they cannot afford to save for retirement. And your employer is not required to make any contribution to your plan at all, so get to know your plan's rules, including when and how to contribute and how the vesting rules work with your employer's plan.

"Even in tough economic times, all employees still need to prepare for their retirement. Taking full advantage of a company's 401(k) match is a no-cost way for workers to boost their retirement savings," Gerri Walsh, FINRA vice president of investor education, said in a recent alert.<sup>2</sup>

Even beyond the "Free Money", there is more to consider, such as the tax advantages. Here's an example to show how a 401k with a matching contribution can be both affordable now and a good retirement savings vehicle:

Suppose you are single and earn \$35,000 a year. Let's assume that your employer matches 50 cents on every dollar you contribute up to 3% of earnings. You would be putting \$1050 into a tax deferred 401k, saving \$157 in Federal taxes, while your employer would be matching \$525 into your tax deferred 401k.

Depending on how long before you retire, this annual savings and match could add up to be a nice retirement nest egg. All withdrawals from 401(k) plans are subject to income tax. Additionally, withdrawals prior to age 59 <sup>1/2</sup> may be subject to a 10% penalty. 401(k) providers generally have a variety of investment choices to match your volatility tolerance. Investments are inherently risky and will fluctuate with changes in market conditions. Consideration should be given to the possible loss of a part or all of principal invested. With retiree pensions all but going away, we must come to grips with the reality that we must be reliant on ourselves for the lifestyle that we want to have in retirement.

*Feucht Financial Group, LLC's Chad Muehlbauer is a Tax and Investment Advisor designee located in Fond du Lac WI. He can be reached at 920-921-6288 or [chad.muehlbauer@feuchtfinancial.com](mailto:chad.muehlbauer@feuchtfinancial.com). Securities and Advisory Services Offered through National Planning Corporation (NPC), Member SIPC/FINRA, a Registered Investment Advisor. Feucht Financial Group, LLC & NPC are separate and unrelated companies. This information is provided as a public service, and should not be construed as individual accounting or tax planning advice. For information on how these general principles apply to your situation, please consult an accounting or tax professional. NPC is not engaged in the business of rendering tax or legal advice. NPC is not to be held responsible for and may not be held liable for the adequacy of the information available.*

<sup>1,2</sup> Larry Barrett, Financial Planning, November 2011

