

New Year Review Recommended for 401(k) Investors, January 1998

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Washington, DC, January 13, 1998 - For the more than 20 million Americans investing in employer-sponsored 401(k) plans, the new year is an excellent time to review their retirement program, according to the Investment Company Institute, the national association of the mutual fund industry.

According to ICI President Matthew P. Fink, workers should review three components of their 401(k) investment program: (1) how much they contribute; (2) how they allocate their money among investment choices; and (3) how much they pay in fees and expenses.

"Many employees will want to consider adjusting their 401(k) contribution for 1998 because the amount an employee may contribute has been increased," Mr. Fink said. "Many advisers recommend that workers routinely invest the maximum amount permissible in their 401(k) account and avoid borrowing against their retirement balance."

Employees should also review the investment choices offered by their 401(k) plans. "Make sure you have selected appropriate types of investments to improve your chance of reaching your retirement goal," Mr. Fink said. "Younger workers may want to emphasize stock investments for long-term growth, while older workers may want to gradually increase their holdings of fixed-income securities."

Mr. Fink strongly recommends that employees find out the costs of their retirement plans. "Ask your plan administrator whether participants are paying the costs of the plan and, if so, how the cost of the plan affects your return," he said.

In addition to overall plan expenses, each investment choice within a plan is likely to have its own fees and expenses. "If you invest your 401(k) money in mutual funds, chances are your employer already provides each fund's prospectus, which contains detailed information about all of the fund's fees and expenses," Mr. Fink said. "If you are investing in vehicles other than mutual funds, you will have to ask your employer to obtain the information for you."

The Investment Company Institute is the national association of the American investment company industry. Its membership includes 6,742 open-end investment companies ("mutual funds") with assets of about \$4.359 trillion (95 percent of total industry assets) owned by over 59 million individual shareholders.