

Money Matters

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Who's in Charge of My 401(k)?

By Aaron Skloff

Q: Who manages my 401(k) and my wife's 403(b) and 457(b) accounts?

In a recent study based on nearly one million participant 401(k) portfolios, 69% had inefficient portfolios and/or inappropriate risk levels. Almost 50% held high concentrations of company stock and 33% were not contributing enough to their 401(k)s to receive the full employer match. If your retirement plan is like most, the only person responsible for managing your account is you.

The Solution –Either take an active role in researching and managing your account or hire a professional for the job. Listed below are the top five retirement plan management mistakes investors make and how to avoid them.

1. **Inappropriate Risk Level.** As time marches on, your investments should change with your long term risk tolerance. Adjust your portfolio to reflect your risk tolerance.
2. **Concentration in Company Stock.** Owning too much of its stock could leave your retirement nest egg in shambles. Do not allocate more than 10% of you assets to any one stock.
3. **Not Researching Investment Options.** Most investors lack the time and skills to properly research each investment option.
4. **Not Managing the Account.** An unmanaged account can turn a once low-risk investment into a high-risk investment. Manage your account to reflect investment option changes and shifts in asset classes.
5. **Hiring the Wrong Manager.** Unsure if the person is acting in your best interest? Have the person accept fiduciary duty in writing on company letterhead. In doing so, that person is obligated by law to place your interests above and beyond their interests or their company's interests.

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