

Six Questions to Ask Your Employer and/or Financial Company About Retirement Accounts

- ***How much can I contribute to the plan?***
Amounts vary from company to company and can depend on your salary. For IRAs, the IRS sets a limit every year; this is also sometimes tied to salary. Ask a financial company.
- ***When can I start contributing?***
Some companies may want you to work for them for a little while before taking advantage of the plan. If they won't allow you to start right away, you may want to go with the IRA.
- ***What type of investments can I invest in?***
A typical 401(k) allows you to invest in just about anything, like stocks, bonds, and mutual funds. IRAs allow that as well. If your employer has a very limited plan that does not contain index mutual funds, an IRA may be the better way to go.
- ***Do you offer matching contributions?***
Hopefully, the answer is yes. *Matching funds* are when your employer contributes money based on how much you contribute. It's free money, so if your employer offers matching contributions, go with their plan over an IRA. IRAs don't offer matching, since you are the sponsor.
- ***What is the speed velocity of a swallow?***
This depends on whether or not it is an African or Australian swallow, and this question is only here to see if you are paying attention.
- ***What happens if I am fired or leave the company?***
This is important. Sometimes you can leave your 401(k) with that company and just let it grow on its own. Other times, you can transfer it into your new 401(k) with your new company or into an IRA using a *direct rollover*: a) the one trick you can never get your dog to do or b) how you move money from one retirement account to another. Direct means you do not take possession of the money before moving it into the new account, so you won't have to pay taxes and penalties on it. Of course, since an IRA is an individual plan, it is not affected when you change jobs.