

The “Groundhog” 401(k):

“HIDDEN” STRATEGIES
USED BY SOME INVESTORS



Have you ever seen a **GROUNDHOG** poking its head out of the ground?

What you see is a cute little groundhog poking his head out of his burrow. What you don't see is the complex web of precisely engineered burrows — hidden from site. These “hidden strategies” are what allow the groundhog to live a comfortable, safe life.

In this guide, you'll discover why your 401(k) strategy should be “engineered” like a groundhog burrow, because there's a lot more to it than what you see on the surface.

Most high earners are already leveraging the power of their employer-sponsored 401(k) to save for retirement. They understand the well-publicized advantages: tax deferral, the “free money” provided by the employer match, and the “catch-up” provision after age 50.

However, some investors understand that there is so much more “hidden” beneath the surface of their 401(k) than just the visible benefits.

If you have an employer, you're most likely planning to max out your 401(k) employee contribution, as well as your employer match. If you're self-employed, you're probably figuring out which retirement plan is best for your own business.

Yet when you research more ways to save, you might feel like you're in the movie Groundhog Day because you find the same advice, over and over.

This special guide is designed to reveal additional “hidden” benefits of your 401(k) account that may help you supercharge your retirement plan.

Whether you're enrolled in a group plan or considering a solo 401(k) for your business, you've come to the right place. Some of the questions you might be asking yourself right now include:

How can I make the best use of the available investments inside my retirement account?



How do I coordinate my 401(k) with the rest of my financial plan?



What more can I be doing to save for retirement?



Are there more tax-efficient ways of saving and investing my money?

**IF THESE STRIKE A CHORD,
KEEP READING...**

STRATEGY I: Supercharge Your Contributions

When it comes to funding your 401(k), the immediate tactic is to maximize your allowable employee contribution. If you're reading this, you probably already are. Your plan may offer you the ability to contribute either after-tax dollars into a Roth or tax-deductible money into a Traditional 401(k). Your employer match, if available, is always Traditional.

Concealed underneath is the idea that you could potentially add much more to your tax-deferred account. As you may already know, 401(k)s are a type of defined contribution (DC) plan. The annual limit to fund a DC plan for one person (including both employer and employee contributions) is much higher than your employee contribution cap.¹

Some plans allow employees to add more retirement money until they reach this limit. If your 401(k) plan allows, you can contribute after-tax dollars to your plan to reach that upper threshold. They're not tax-deductible, but they do grow tax-free as long as you obey the usual caveats. This strategy is sometimes referred to as a "Mega Backdoor Roth."

Understanding how and when to supercharge your savings may give you a massive leg up. Critical questions to ask include:

Am I eligible to supercharge my contributions?



How can I balance current-year tax savings with my long-range goals?



How do my 401(k) contributions align with the rest of my financial plan?



What trade-offs do I need to consider if I want to supercharge my 401(k) account?



Would you like help answering these questions? Schedule your "Hidden" Opportunities Session now by giving my office a call.

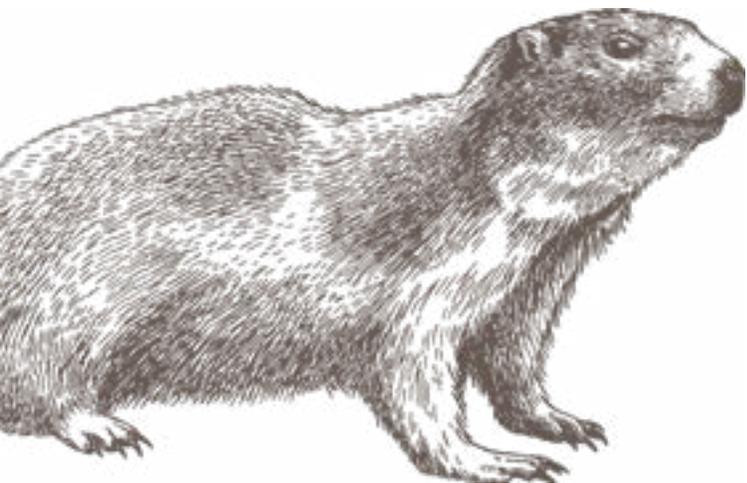
STRATEGY 2: Optimize the Investments in Your 401(k) PLAN

Your plan provider has already given you a standard menu of investments within your 401(k).

Depending on your situation, you may benefit from advanced self-directed strategies that can increase the range of investments available to you, potentially reduce your tax bill, or improve the after-tax return of your overall portfolio.²

For example, if you already have investments that generate a lot of income, shifting them into your retirement account may create a more tax-efficient portfolio.

Though it's not the right move for everyone, taking control of your 401(k) can potentially help you maximize the benefit of this powerful retirement tool.



Critical questions to ask include:

Is my 401(k) optimized to fit into my overall investing strategy?



Do I have the right blend of tax efficiency and portfolio diversification?



Are there opportunities to better optimize my investments within my 401(k)?



Does my 401(k) plan allow me to control the investments inside?



Have I discussed my 401(k) investments with a financial professional?

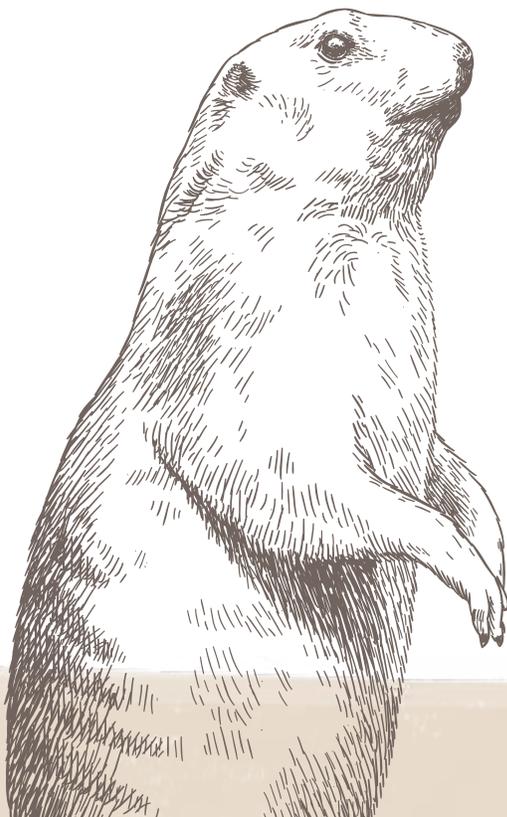
Would you like help answering these questions? Schedule your "Hidden" Opportunities Session now by giving my office a call.

STRATEGY 3: Make Tax-Efficient Moves For Your 401(K) PLAN

Average investors understand the “surface-level” basics of deciding between Traditional and Roth contributions. However, a “hidden” 401(k) advantage is using both types of tax-deferred accounts to create tax savings now, while generating tax-free income in retirement.

If your plan allows it, you may be able to convert your Traditional 401(k) to a Roth. Done in a tax-coordinated way, you can potentially convert portions of your Traditional account to a Roth without pushing yourself to a higher tax bracket.

When done correctly, these Roth conversion opportunities can potentially help you create more tax-free income in retirement while still getting the benefits of tax savings now.



Critical questions to ask include:

Can I convert my Traditional 401(k) to a Roth?



What are the future tax consequences of my existing retirement accounts?



Should I be “filling up” my tax bracket with taxable events such as Roth conversions that don’t push me into a higher tax bracket?



Is there a better way to balance tax efficiency now and at my retirement?

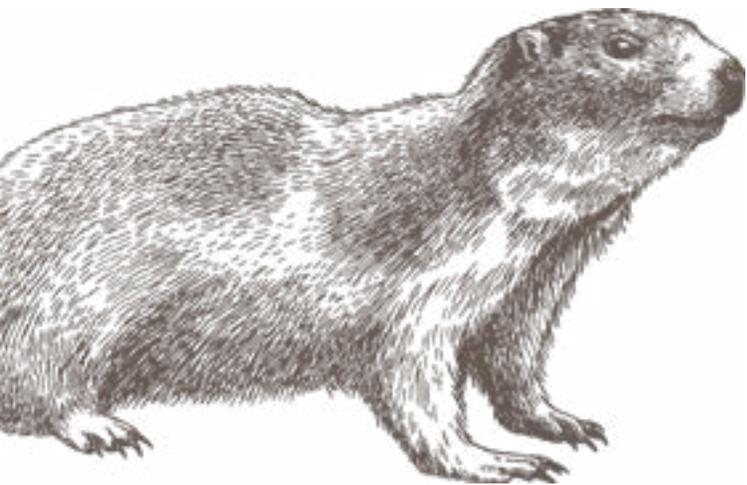
Would you like help answering these questions? Schedule your “Hidden” Opportunities Session now by giving my office a call.

BONUS STRATEGY: for Business Owners & the Self-Employed

Entrepreneurs already know that there are plenty of options to create a retirement account. These plans, SEP and SIMPLE IRAs, can be the right answer for some business owners.

However, the solo 401(k) may allow you to set aside more money for retirement.³ You have the opportunity to create a Traditional or Roth account as well as make both employee and employer profit-sharing contributions. You're also allowed to make solo 401(k) contributions for your spouse, as long as they work in your business.

A 401(k) can potentially turbocharge the retirement income your business generates.



Critical questions to ask include:



What kind of contributions do I plan to make to my retirement account?



Have I discussed coordinating plans with my spouse who also works in my company?



Do I understand the pros and cons of the various self-employment retirement plans available to me?



How do I fit such a retirement plan into my overall financial plan?



What is my best option to potentially maximize tax efficiency now and in the future?

Would you like help answering these questions? Schedule your "Hidden" Opportunities Session now by giving my office a call.

Uncover Your "Groundhog" 401(k) Using These Hidden Strategies

You're a high earner with a bright future. Which makes it important for you to understand what's concealed beneath the surface of your 401(k), so you can make the most of your opportunities. You need to not only make smart choices for your investments, but also consider all the ways your retirement portfolio can be tax efficient today as well as tomorrow.

Whether you work for an employer or you're designing the retirement plan for your own business, you can use the hidden advantages of your 401(k) to supercharge your savings for the future.

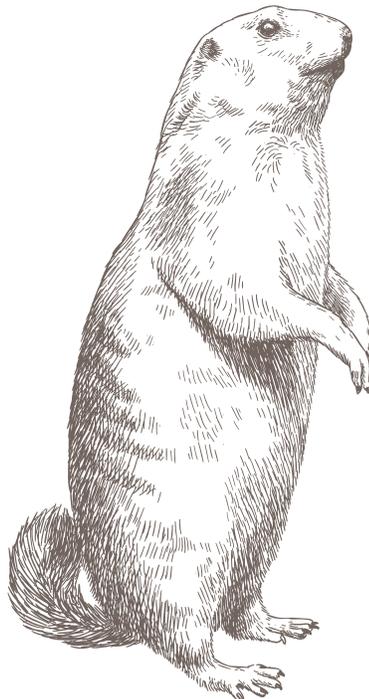
Want to take charge of your retirement? Are you knowledgeable enough to understand you need to go beyond the obvious? Contact us to set up your personal Hidden Opportunities Session to find out how you can potentially maximize all the advantages of your 401(k) retirement plan.

We can help you identify and leverage the hidden opportunities in your 401(k) to potentially boost your savings and save on taxes now and in the future.

At the moment, you're still ahead of the game. You're currently planning for your retirement and using what you already know about the benefits of a 401(k) plan. But now you're poised to go deeper beneath the surface to discover how smart investors make the most of their available opportunities.

It all begins with the next step, which is to book your customized Hidden Opportunities Session free of cost or obligation. Call or email now to schedule yours today.

Goran Ognjenovic
Independent Investment Advisors
(971) 350-8068
info@independentadvisorsnw.com
<http://www.independentadvisorsnw.com>



Uncover Your "Groundhog" 401(k) Using These Hidden Strategies

Sources:

- 1 - <https://www.irs.gov/retirement-plans/401k-plans-deferrals-and-matching-when-compensation-exceeds-the-annual-limit>
- 2 - <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-participant-directed-accounts>
- 3 - <https://www.irs.gov/retirement-plans/one-participant-401k-plans>

Risk Disclosure: Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Past performance does not guarantee future results.

This material is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. The content is developed from sources believed to be providing accurate information; no warranty, expressed or implied, is made regarding accuracy, adequacy, completeness, legality, reliability or usefulness of any information. Consult your financial professional before making any investment decision. For illustrative use only.

Neither the named representative nor the named firm gives tax, accounting, or legal advice. This material is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. The content is developed from sources believed to be providing accurate information; no warranty, expressed or implied, is made regarding accuracy, adequacy, completeness, legality, reliability or usefulness of any information. Consult your financial professional before making any investment decision. For illustrative use only.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific situation with a qualified tax professional.