

# FREQUENTLY ASKED QUESTIONS



## Your Employer-Sponsored Retirement Plan

### **How much should I contribute to my retirement plan offered through my employer?**

Your goal should be 15-20% of your income deferred into your retirement plan. While we recognize that most people cannot begin contributing at this level right away, we recommend assessing your deferral election annually and increasing it incrementally, annually. If your employer offers a match, we recommend that at a minimum, you begin deferring the requirement to receive 100% of your employer's contribution. Contributing to your retirement plan when your employer will too = FREE MONEY.

### **Should I contribute pre-tax or post-tax (ROTH) to my retirement plan offered through my employer?**

This is dependent on your personal circumstances. Roth is after tax. Roth contributions grow tax deferred and when you reach retirement, withdrawals are tax free. With a traditional or pre-tax account, the tax benefit comes at the time the money is invested. In summary, with traditional or pre-tax accounts, taxes are paid on the withdrawals. Therefore, annual withdrawals from a traditional account would be reduced AFTER TAXES are paid. Since contributions to Roth accounts are made with money that's ALREADY been taxed, qualified withdrawals are not taxed again.

It is best to meet with Polaris Advisors, your employer sponsored retirement plan's advisor, or a qualified advisor to discuss your personal circumstances.

For additional information, please see our short video on Roth vs Traditional: <https://www.youtube.com/watch?v=hS4zloRYnmQ&t=7s>

### **How do I choose investments?**

Your employer sponsored plan offers investments that are managed by Polaris Advisors, LLC. Participants have the option of choosing their own investments. There are also TWO options in the plan for those who want or need assistance: 1) Polaris Models, which are risk based, and custom built by Polaris Advisors, LLC.

2) Target Date Funds, which are age-based, change over time in proximity to the year selected based on retirement. Once invested, it's prudent to review your investment strategy regularly to ensure you're on track to work toward your retirement goals over time.

### **How can I access my money in my employer sponsored retirement plan?**

Your employer sponsored plan to which you contribute, and your employer may contribute, should be considered a retirement savings vehicle. Generally speaking, withdrawals prior to retirement age (59 1/2), incur a penalty for early withdrawal. Some plans do offer hardship withdrawals and/or loans in which the penalty may not apply. However, hardship withdrawal reasons are specifically outlined by the IRS and require documentation. Taking money from your retirement plan in the form of hardship or loan can impact your retirement savings long-term.

### **When am I vested in my employer sponsored retirement plan?**

Vesting refers to the portion of your overall retirement plan balance that belongs to you. Any of your own deferral contributions are 100% vested (yours to keep) even if you leave the employer that sponsors your retirement plan. This is also true for any other contributions you make on our own (i.e. rollover).

### **Is there a maximum amount that I can contribute to my employer sponsored retirement plan?**

You may defer up to 100% of your compensation. Federal law limits the amount you may elect to defer\*.

If you are interested in maximizing your deferral contributions to your plan, please contact Polaris Advisors to help ensure you receive the maximum benefit under the plan.

\*<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>

## What can I do with my old retirement plan(s)?

It may be advantageous to roll over or consolidate a former employer's retirement plan into your current employer-sponsored retirement plan. Why? You can manage your retirement plans conveniently in one place. You may also be able to avoid tax implications versus taking a distribution from an old retirement plan. Depending on how you move money to your current employer-sponsored retirement plan, you may trigger a taxable event. Please contact Polaris Advisors if you have a retirement plan from a former employer(s) at [retirementplans@polarisadvisors.net](mailto:retirementplans@polarisadvisors.net).

## How do I access my employer sponsored retirement plan (i.e., investments, contribution elections, beneficiaries, etc.)?

Please contact your employer or Polaris Advisors for enrollment or account access information: [retirementplans@polarisadvisors.net](mailto:retirementplans@polarisadvisors.net).

**Be sure to find out the details of your plan to determine what's appropriate for you. Take the first step toward pursuing your retirement goals by meeting with Polaris Advisors, LLC, your company's retirement plan advisor, at:**

**[retirementplans@polarisadvisors.net](mailto:retirementplans@polarisadvisors.net)**

**For more information about Polaris Advisors, LLC. please visit:  
<https://www.polarisadvisors.net/>**



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The principal value of a target fund is not guaranteed at any time, including at the target date. The target date is the approximate date when investors plan to start withdrawing their money.

**Contact us for more information:**

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