Maximize Your 401(k)

The Frost retirement services team has rounded up our top helpful tips for 401(k) plans.

Start contributing early and watch your account grow

This is key to successful retirement savings. The longer your money is invested, the longer it can benefit from compound interest (when your investment returns earn returns of their own).

Take advantage of retirement plan matching – free money!

A match is a special benefit your company may contribute to your retirement plan. Matching formulas, if available, vary by company. Our team suggests contributing at least enough to ensure your full match.

Work toward saving 15% for retirement

15% can seem like a significant amount to save toward retirement, especially if you are just starting out. This 15% may also include any amount your employer contributes. We recommend starting with a percentage you're comfortable with and working toward the goal of a total of 15%.

Invest wisely

Periodically review your investment strategy to ensure it aligns with your goals and risk tolerance. Diversifying your investments by spreading them across a range of asset classes helps reduce risk to maximize retirement account performance and smooths out the ups and downs of the market.

Consider Roth contributions

Most employers offer Roth retirement plan options, but we often see employees not choosing or taking advantage of these benefits. Roth benefits include tax-free growth, no income limit, higher contribution limits than a Roth IRA and avoids required minimum distributions.

Employees who might benefit from a Roth 401(k) include:

- Employees who are new to their careers and have a longer retirement horizon and more time to accumulate tax-free earnings
- Employees who aren't eligible for Roth IRAs but want a pool of tax-free money to draw on in retirement
- Employees who want to leave tax-free money to their heirs

Contribute to the catch-up

If you are 50-59 or 64 or older, you can contribute up to $24,500 to your 401(k) with a catch-up contribution of $8,000. If you are ages 60-63, the catch-up contribution is $11,250. Check with your employer to see if your plan allows the 60-63 catch-up contributions and ensure your contributions are made by December 31, 2026.

Keep track of your retirement plans

It's a common mistake to forget about retirement plans from previous employers. Keeping track of your previous plans will help you get the most out of the money you've already saved, and ensure you stay on track towards your retirement goals.

We're here to help

Scan the QR code to learn more.