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As 401 (k) millionaires reach record high, investors wa keep saving

By Jade Scipioni | Published May 18, 2018 | FOX BUSINESS | FOXBusiness

While many hopeful retirees are celebrating their new status as millionaires, expe $1 million is a drop in the bucket compared with what they are going to need.

According to Fidelity Investments, the number of 401 (k) plans with a balance of $ more jumped to a record 157,000 in the first quarter, up from 108,000 last year.

What's more, three in 10 savers have increased their contribution rate over the pa boosting the average to 8.6%, the highest in almost 10 years.

Much of the 401 (k) balance surge is due to the "Trump bump" and market highs c 12 months. Rebecca Walser, tax attorney and author of "Wealth Unbroken," urges keep saving and not focus solely on retirement account balances.

"Keep in mind – what goes up, must come down," Walser tells FOX Business. "Mo: crashes occur within a short 2.5-month timeframe, and even Warren Buffett recer shareholders that a 50% loss should be expected.

"If someone is 10 years or less from retirement, they need a plan to forgo the large that is coming this time around – they do not have the investment horizon left to such a portfolio loss."

Walser cites a forecast that within 10 years, Americans will spend most or all of th
Security to cover Medicare and out-of-pocket medical expenses. In addition, as S
benefits are spent, $1 million would only provide $40,000 per year. And that outlo
on a projected 4% gain that may be too optimistic given recent volatility.

“That’s not much when you might have thought you had made it,” she says.

The better option, in her opinion, is for retirees to invest heavily in Roth IRAs, whic
growth of money tax-free but can still benefit from a company match.

“But better than that is getting the employer match into your traditional 401 (k) ev
employee contributes only to the Roth 401 (k). After that, then the Roth IRA, and a
for those that are income-phased-out, cash value life insurance is and has been th
of choice for those wanting to grow wealth with lifetime benefits but have control
tax changes.”

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