Smart Year-end Retirement Moves

The end of the year is a good time to review the progress you’ve made in pursuing your retirement goals. Once you’ve determined where you stand, you can draw up an action plan for the coming year. Your plan can help you refine your strategy, if necessary, and keep you on target. Consider incorporating these approaches into your retirement action plan.

Increase the Amount You Contribute

Contribute enough to take full advantage of any matching contribution your employer may offer. If you are trying to make up for years in which you contributed little to your plan, consider contributing the maximum amount allowed.

Take Advantage of Catch-up Contributions

If you’re age 50 or older by the end of the year, you may be able to turbocharge your retirement funds by making catch-up contributions to your retirement plan in addition to your regular contributions.* The maximum catch-up contribution amount for most types of retirement plans in 2014 is $5,500.

Review Your Asset Allocation

How well (or how poorly) your investments perform will change the makeup of your retirement portfolio. A year-end review of your accounts can alert you to any shifts in your asset allocation. If, for example, your stock investments did well over the past year, the percentage of your account allocated to stocks may be higher than planned, exposing you to more risk than you intended.

You can return to your target asset allocation by rebalancing. One way to rebalance is to transfer money among investments until your asset allocation is back to your intended mix. The other way to rebalance is to direct future plan contributions to the asset class(es) that is currently underrepresented in your investment mix. Note: Rebalancing a portfolio may create a taxable event if done outside a retirement account.

Consider a Roth IRA

Unlike traditional IRAs, Roth IRAs don’t give owners a current tax break on contributions. However, if all requirements are met, owners of Roth IRAs can withdraw the contributions *and* earnings tax free.

* *Your plan may not allow catch-up contributions, and the limit could be lower.*