

DON'T LEAVE FREE MONEY ON THE TABLE **MAXIMIZE YOUR 401(k) MATCH**

WHAT IS A 401(k) EMPLOYER MATCH?

Employer match contributions are made by employers to employee 401(k) accounts, in addition to the contributions made by those employees. Matching contributions are typically made on a percentage basis, such as 50% or 100% of an employee's contribution amount, up to an established limit. For example, an employer may match 100% of the employee's contributions up to 3% of pay. (In this scenario, you could earn a 3% match from the employer by saving 3% or more into the plan yourself.)

Essentially, a matching contribution means that your employer rewards you for participating in the plan by making a matching contribution on your behalf. Not every 401(k) plan offers a match, and some employers offer more generous matches than others. **Regardless of the match amount, it is free money for your retirement savings.** Make sure you are taking full advantage of this benefit by saving enough to receive the maximum match.

If you are not maximizing your employer match, you are leaving free money on the table.

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EMPLOYER MATCH: MORE TO KNOW

Like we mentioned, not all plans have an employer match. Different plans will also offer different types and/or amounts of matching contributions.

- **Discretionary Match:** This means that your employer has the freedom to decide if a match will be made each year, as well as the amount of the match.
- **Stated Match:** With a stated match, the plan document will state the match amount and formula.
- **Safe Harbor Match:** Safe Harbor Matches are specific formulas defined by the IRS. Many Safe Harbor matches have immediate 100% vesting.

Depending on your plan, the match may be funded each payroll period, or once per year based on your total savings amount for the year. It is important to know this distinction so you don't miss out on any match dollars. For example, let's say the match is 100% up to 3% of pay. Someone could save 3% all year and receive the full match whether it is funded each payroll period or annually. However, the same person could save 6% for half the year and stop saving after that. They would save the same total amount overall, but if the match were funded per payroll, they would only receive the match for those payroll periods when they were actively saving. So, they would miss out on half the match in that scenario. Check with your employer to see if your match is funded each payroll period or annually.

Match Example: 100% match up to 3% of pay		
Employee Contribution	Match Contribution	Total Contribution
1%	1%	2%
2%	2%	4%
3%	3%	6%

For illustrative purposes only. Not all plans offer a match. See your summary plan description or employer for details on your plan.

EMPLOYER MATCH: VESTING

Employer match contributions are often on a vesting schedule. Vesting is ownership of your employer's contributions. Sometimes vesting is immediate, and sometimes your employer match vests over a period of years. You have full ownership over your vested account balance. Check your summary plan description or ask your employer for your vesting schedule details.

Have questions? Contact our plan consultants at The Partners Group at retirement@tpgrp.com.

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