



# Get Powered Up: A Lifestyle Tip From ECI REC

## Does 401(k) saving still make sense?

by Lisa Hughes-Daniel, NRECA

Plenty of Americans have experienced heartache watching their 401(k) balances slide dramatically in the past year. Stung by the market, you may be uneasy about continuing to invest in your 401(k). However, 401(k) investing still does make sense. In fact, it may be more important than ever. Here are three good reasons.

### **The power of buying low**

Your 401(k) account isn't the place to time the market—that's not what long-term investing is about. But neither does it make sense to invest only when stock prices are high. Now, while prices are relatively low, you have the ability to replenish your account with larger numbers of shares at "bargain" prices.

### **The 401(k) advantage**

One of the biggest upsides to 401(k) investing hasn't changed: by contributing

pre-tax dollars, you cut your income tax liability. If your employer offers matching contributions, that's even more free money on the table.

### **Personal savings are becoming more important, not less**

While some Americans still have traditional pensions and many are counting on Social Security benefits, a growing number can expect to rely heavily on personal retirement accounts like 401(k)s and IRAs for retirement income. Skimping on contributions to-

day means you lose out on the ability of your money to compound over the long term.

### **One golden rule**

Make sure your account is appropriately allocated among asset classes. That means having a sensible mix of equities, bonds, and cash for your time horizon, risk tolerance, and goals. If you need help deciding on your investment mix, you may want to consult a trusted financial advisor—a registered professional who does not receive commissions on products they discuss. 