

Test Your Knowledge: Plan Maintenance

True or False?

1. **The maximum contribution to a 403(b) plan in 2012 is \$17,000 regardless of age.**
2. **WRERA is a new federal agency created to regulate troubled banks.**
3. **Research shows that seven different types of mutual funds may provide the diversification one needs to help manage investment market risk.**
4. **You should have a separate asset allocation strategy for each retirement savings plan you and your partner own.**

Answers:

1. False. The \$17,000 contribution maximum applies only to plan participants who are under age 50. If you're age 50 or older and your plan allows it, you can make a catch-up contribution that brings the maximum to \$22,500.¹
2. False. WRERA stands for the Worker, Retiree and Employer Recovery Act of 2008. It requires that, starting in 2010, employers must allow beneficiaries other than a spouse (a child, for instance) to roll over a company retirement plan into an IRA without having to pay taxes on the rollover.²
3. True. A study by Morningstar Inc. shows little or no further improvement in the potential benefits of diversification once you own more than seven mutual funds of different types.³
4. False. You want a single strategy for all the investments you and your partner own. That would include all the investments in all of your retirement accounts.

¹Internal Revenue Service, 2011. ²Congressional Research Service, 2009. ³Morningstar Portfolio Course 109.