

## Coordinating Two Retirement Plans

If you have two employer-sponsored retirement plans in your household, you're lucky! Treating your two plans as part of a single retirement portfolio lets you combine their best features to maximize your investment return and minimize your risk, says Lee Rosenberg, a certified financial planner and retirement-planning expert.

Start by getting descriptions of both plans from your employers and checking their important features:

1) Is there a company-matching contribution? 2) When do you get to keep the match? By federal law, non-union workers must be fully vested in their employers' contributions after seven years but, aside from that, each plan sets its own vesting schedule. 3) Up to what percentage of salary, or dollar amount, can you contribute to the plan? 4) Can you borrow for big expenses, like college tuition or buying a house, and how quickly must you repay? 5) How do the investment options compare in terms of both asset class and historical performance?

The ability to switch investments daily isn't too important, says Rosenberg, when you're investing for the long term. But it matters how often you can change your contribution. You might need to reduce it quickly in a crisis.

Ideally, the two plans together will let you invest in a mix of growth-stock funds, equity-income stock funds, corporate-bond funds, a stable-value fund or guaranteed investment contract (GIC), a money market fund, and perhaps international-stock funds and small-company stock funds. Look at the options for both plans, and pick funds with objectives suited to your goals and the best long-term performance in their categories. A five-year record is more significant than a one-year record, though past performance is not always indicative of future performance.

Think about your respective job situations, too. Maybe one partner is already vested in employer contributions and the other isn't. Maybe one expects to stay in the job long enough to be vested in the company match and the other doesn't. It's great if you can contribute the maximum to both plans. But, if not, concentrate on the plan that lets you save the most because it has the biggest match and/or lets you contribute the most money and historically has the best-performing investments, says Rosenberg.

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