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COMPLETE

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Q7 If you were to advise co-workers about why they should contribute to (and/or maximize) their 401(k)s, what would you say? This is your chance to tell your story about why you "love" your 401(k). If your 401(k) plan has a match, be sure to explain how the match affects your participation, if at all.The judges will use the following criteria to evaluate your response: (1) persuasiveness of explaining the importance of employee participation in 401(k)s; (2) conveying your own appreciation of the value of your 401(k) as a retirement goal; and (3) clarity and demonstration of overall knowledge of 401(k) plans as a retirement tool.

For my Trader Joe's colleagues, I would stress the importance of not relying on the annual company contribution, which is not guaranteed indefinitely. Participating via salary deferral is key to working towards a balance they can rely on to provide a substantial part of their retirement income. In addition, they would enjoy a current tax benefit on their salary deferral contributions. Because employees in my industry tend not to have large incomes, I would be sensitive to that reality and suggest they contribute an amount they would be comfortable with. I would also give them the benefit of my experience with my JP Morgan Chase 401(k), where even though I stopped contributing in 2001 and rolled over to an IRA (with no further contributions), through rebalancing and market appreciation, the account value has grown substantially. I would also advise avoiding taking out loans from the 401(k), especially early on. The power of compounding, which I have seen in actuality in my JPM 401(k) (and now IRA), could be significantly lessened. The message is to start participating via salary deferral upon eligibility, contribute at least up to the company match (or, for Trader Joe's colleagues, at least 5% through salary deferral, seek guidance on asset allocation, increase contributions as compensation increases, avoid taking out loans and rebalance at least annually. They will be amazed at what accumulates and take some comfort they have planned well for their retirement years.

Q8 If you were to be named as a 401(k) Champion, what would you be willing to do to inspire non-participants to participate in the 401(k)? Please be as specific and detailed as possible.The judges will use the following criteria to evaluate your response: (1) willingness to inspire others to participate in their 401(k) plans; (2) creativity and innovation in the methods you would use; and (3) clarity of expression, eloquence, mechanics of word choice, grammar and spelling.

I would stress that there is potential that Social Security benefits could be less once younger workers reach retirement age, and therefore participation in a 401(k) plan is crucial to having a greater likelihood of sufficient funds for what could be a retirement period exceeding 30 years. I would also point out that there is no company-funded pension plan, which have become almost non-existent. Therefore, participating in the 401(k) is the way to build substantial retirement assets. Certainly, if the company does offer a match, I would highly recommend salary deferral of at least the match rate. I would also advise that as compensation increases, employee contributions should increase. Furthermore, if an individual leaves a company and joins another firm, he/she should directly roll over the old 401(k) to the new firm's plan, if available. If there is no 401(k) in which to rollover, a rollover to an IRA might be advisable, to provide a much greater choice of investment options. Finally, if there is fear involved, because of lack of knowledge of investments and asset allocation, non-participants might seek assistance from company-provided outsourced investment guidance, if available. Alternatively, they can work with a financial planner or investment manager, if feasible. In addition the 401(k) plan might offer a target or balanced plan that might be considered.

Q9 How did you first learn about 401(k)s?

I first learned about 401(k)s in 1982, when I began working for JP Morgan Chase and starting participating as soon as I was eligible. The company matched up to 6% of an employee's contribution. I continued contributing 6% until I left the bank in 2001. I then rolled over the balance to a traditional IRA, where it has grown to over $600K.