



**The 3M 401(k) VIP (Voluntary Investment Plan) is a good way to help you save for retirement.**

1. As a VIP plan participant you have access to 18 investment choices. Some of the choices include Lifepath mutual funds that are target date funds: the higher the number, the more aggressive the fund. For example, Lifepath 2040 is significantly more aggressive than Lifepath 2020. Participants can also use Schwab (PCRA - Personal Choice Retirement Account) to gain access to more investment possibilities within the 3M 401(k).
2. 3M will match 100% of the first 5% of your contributions. Wealth Advisor Leah Swanson suggests that "it is always a good thing to contribute to the VIP, at least to get the 3M employer match."
3. Contributions to the VIP traditional 401(k) will defer income taxes on both contributions and investment earnings. This may help lower your overall income tax liability.
4. Contributions to the VIP Roth 401(k) are made with after-tax dollars, but investment earnings are tax deferred and will not be taxed upon a qualifying distribution. Leah Swanson suggests that for younger plan participants the Roth 401(k) can make more sense because younger employees may be in a lower income tax bracket early in their careers. However, "with lower marginal income tax rates available today, we believe it can also make sense to contribute to the Roth 401(k) even for higher income earners, and you can allocate your contributions between the traditional and Roth 401(k)!" Please be aware that when contributing to the Roth 401(k), the 3M match will only be made with pre-tax employer contributions, not after-tax.
5. In 2019, 401(k) annual contribution limits are \$19,000; if you are 50 or over, you can contribute an additional \$6,000.
6. Your appropriate VIP 401(k) allocation will depend on your risk temperament. The Landmark Wealth Management Group helps each of our clients determine the most appropriate portfolio, within regulatory guidelines, based on our clients' risk level. Leah Swanson says, "Sometimes the hardest part of investing is staying the course when markets are down. It is a basic human trait to want to seek shelter (sell) when markets have dropped. Although difficult, if your time horizon is longer, it's important to avoid selling at a market low, and instead wait until markets rebound."

For more information about the 3M 401(k) VIP in the context of your particular financial situation, please contact Landmark Wealth Management Group at 651-779-9720.

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