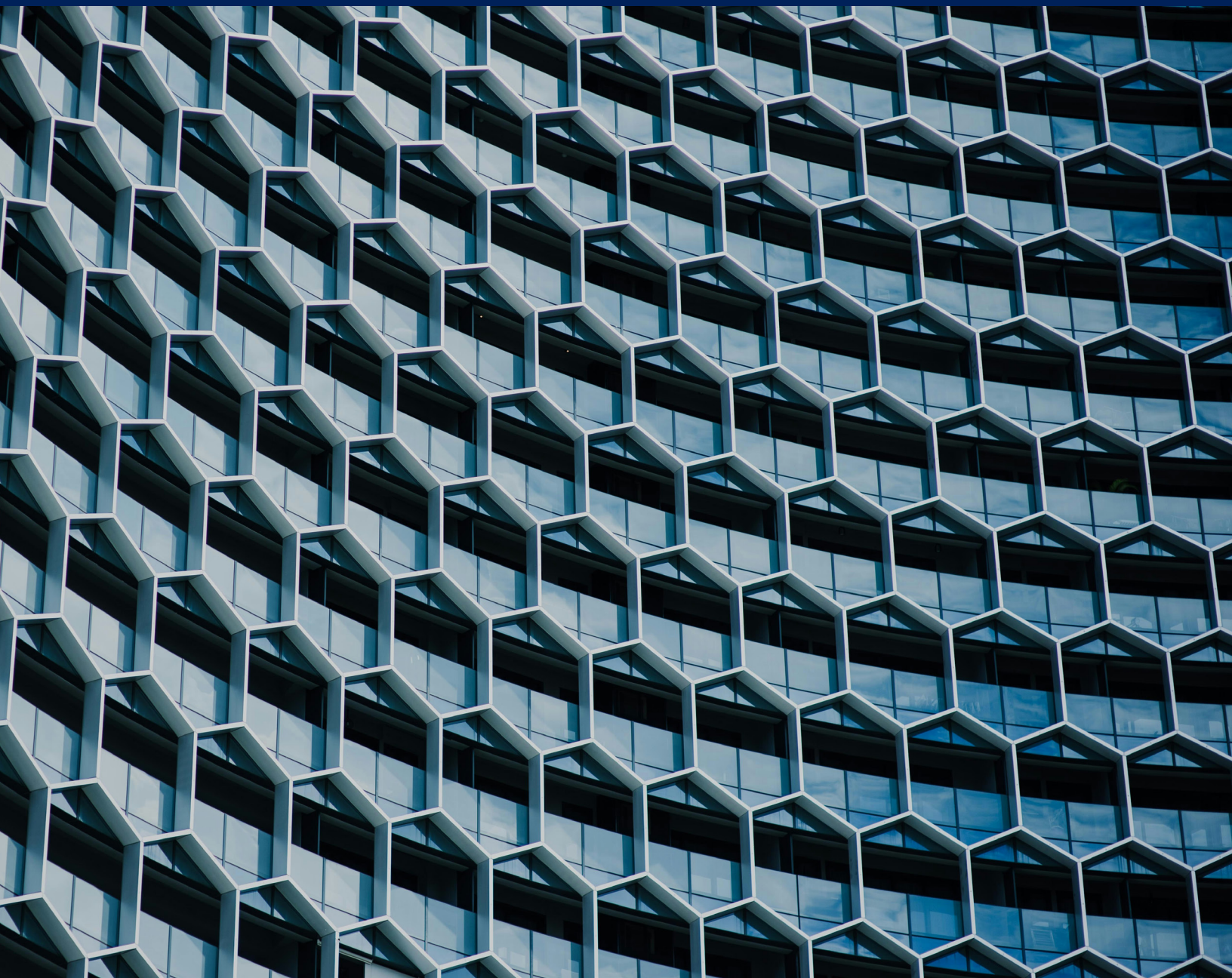


# The Millennial's Guide to 401(k) Consolidation

The CPG Industry Story





## Millennials in the CPG Industry

Over the last 15 years, the Consumer Packaged Goods (CPG) job market has evolved dramatically. A lifelong career working for a single Consumer Product Group has become increasingly rare, especially among Millennials. Opportunities for leadership, individual skill growth and compensation competition between CPG companies have affected this generation of the workforce in a way not ever seen before. Analysts who became Account Managers or even Directors are now in their 30s and early 40s, navigating a landscape characterized by rapid technological advancements, evolving career aspirations, and, notably, frequent job changes. The generational dynamics pose unique challenges and opportunities, particularly in the realm of long-term financial planning. For those in the CPG industry—a sector known for its vibrancy and flux—these career transitions often result in a mosaic of 401(k) accounts scattered across past employers.

The importance of being proactive with 401(k) management often goes overlooked compared to the advancement of an individual career. Each job change presents an opportunity to reassess and realign retirement strategies, helping to ensure that every dollar saved works as hard as possible towards securing a comfortable future. However, the complexity and perceived hassle of consolidating these accounts can be daunting, leading many millennial investors to postpone or overlook this crucial aspect of financial planning.

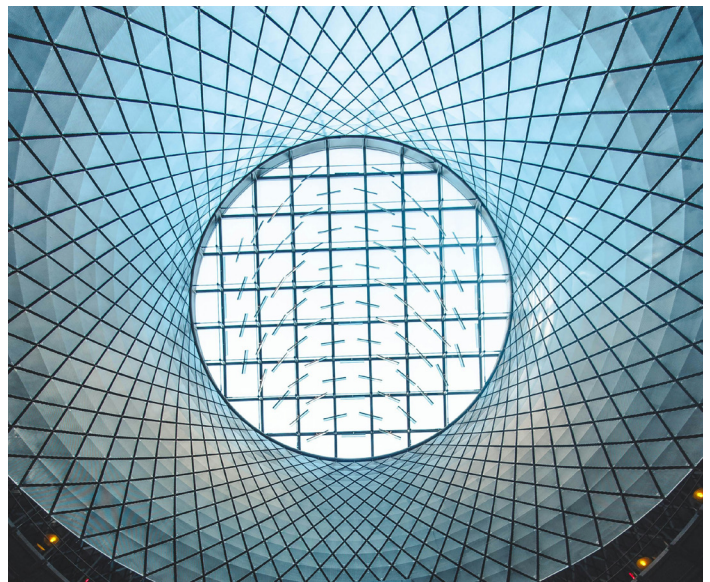
This is why “The Millennial’s Guide to 401k Consolidation: The CPG Industry Story” was created for you. Crafted with the specific challenges and opportunities faced by Millennials in the CPG sector in mind, this guide is an essential tool for anyone looking to navigate the complexities of managing multiple retirement accounts. Whether you’ve switched jobs twice or 10 times, this document will provide you with the insights, strategies, and actionable steps necessary to take control of your scattered 401(k) accounts.

If suitable, consolidating your 401(k)s is more than a mere administrative task; it could be an important step in shaping your financial future. By taking control of your retirement savings, you’re not just tidying up your financial portfolio; you’re laying the groundwork for a retirement that could be as rewarding as your career. This guide is designed to empower you to make informed decisions, streamline your retirement savings, and ultimately, help you achieve your financial goals.

## The Importance of the CPG Industry

The CPG industry, a cornerstone of the global economy, thrives on innovation and the rapid turnover of high-volume goods that are used daily by billions of customers. This dynamic sector, characterized by its competitive nature and constant demand for adaptability, offers a vibrant career landscape for many Millennials who have been eager to make their mark. From marketing and sales to supply chain management and product development, the roles within CPG companies are as varied as they are challenging. In the first decade or so of their careers, Millennials in the CPG industry often found themselves navigating through a diverse array of positions, gaining invaluable experience in cross-functional teams and sharpening their skills in data analysis, strategic planning, and customer engagement.

For Millennials, working in the CPG industry is more than a job; it’s an opportunity to contribute to the trends and innovations that shape everyday life. Understanding this ecosystem’s nuances—from the importance of sustainability to the impact of digital transformation—enables them to drive change and create value. This journey, with its blend of challenges and opportunities, positions Millennials not just as employees, but as vital architects of the industry’s future.



### Understanding Your 401(k)

The campaign to build a more secure retirement begins with understanding the tools at your disposal. Among these, the 401(k) plan stands out to most Americans as a key component of their long term wealth building strategy.

### Why Your 401k Matters

A 401(k) is a tax-advantaged retirement savings plan sponsored by an employer. Most investors recognize a 401(k) as a savings vehicle that allows employees to save and invest a portion of their paycheck before taxes are taken out. Investments can grow tax-deferred until withdrawal, typically in retirement. This plan is a critical component of retirement savings, offering the dual benefits of immediate tax savings and the potential for future financial security. The importance of a 401(k) cannot be overstated; it's often the primary vehicle through which individuals accumulate savings for their retirement years.



### Common Misconceptions

Millennials often harbor several misconceptions about 401(k)s, which can hinder their retirement planning efforts. One common myth is that you need to contribute a significant portion of your salary to make a difference. In reality, even small, consistent contributions can grow substantially over time due to the strategy of [dollar cost averaging](#) and compounding effects. By contributing small amounts of your salary on a monthly basis, you are investing in the stock market whether it is up or down. Then as the value of your account grows, it begins accumulating more rapidly as dividends add up and compound together. Even though you may have only saved a small amount in your 20s or 30s, the compounding interest really works in your favor in your 40s and beyond.

Another misconception is that managing a 401(k) requires extensive financial knowledge. While it's beneficial to understand your investment options, many plans offer target-date funds that automatically adjust your asset allocation as you approach retirement, simplifying the process. Finally, young investors believe that funds in a 401(k) are inaccessible until retirement without severe penalties. However, plans often have provisions for loans or hardship withdrawals under certain circumstances, providing some flexibility in emergencies.

### The Impact of Multiple Jobs on Your 401(k)

The modern career path, especially in the CPG industry, often includes multiple job changes, which can complicate 401(k) management. Each job change potentially adds another 401(k) account to your portfolio. Without a plan of action, it's easy to lose track of these accounts, leading to forgotten funds and missed opportunities for consolidation and growth. Consolidating your 401(k)s into a single account or an IRA (Individual Retirement Account) can simplify your financial landscape, potentially reduce fees, and help ensure your investments are aligned with your wealth building goals. Ignoring these accounts not only complicates your financial life but may also result in paying higher fees and missing out on potential investment growth, ultimately affecting your retirement readiness.

## The Value of Consolidation

Navigating the landscape of retirement planning, particularly within the dynamic CPG industry, requires both strategic foresight and savvy financial management. As Millennials progress in their careers, often transitioning between roles and companies, the accumulation of multiple 401(k) accounts can become an unintended side effect of their professional growth. Consolidation of these accounts into a single retirement plan when suitable, could be a crucial step towards streamlined financial health and working towards long-term wealth building.

### Why Consolidate?

There are many factors to consider when determining if consolidation from multiple 401(k) accounts into one is beneficial. The first that stands out is simplified management. Keeping track of one account, as opposed to multiple, makes it significantly easier to monitor your investment performance and make timely adjustments based on market conditions or personal financial goals. This consolidation also minimizes the risk of losing track of accounts, a common issue when employees leave jobs and lose focus of their old 401(k) plans.

Better investment oversight is another critical benefit. With all of your retirement savings in one place, it's easier to ensure that your investment strategy aligns as a whole with your risk tolerance and retirement timeline. This holistic view enables more coherent asset allocation and diversification strategies, reducing the risk of overexposure to certain asset classes or industries.

Potential cost savings are a third benefit with an upside as well. Multiple accounts often mean multiple sets of various levels of fees, including administrative fees, investment fees, and potentially others. Larger consolidated accounts may qualify for lower fee tiers, providing savings that can compound over time, which could have a positive impact on your account balance over the long term.

#### How to Consolidate Your 401(k) Accounts

The consolidation process, while straightforward, requires careful consideration and several key steps. Here is a guide to streamline your 401(k) consolidation:

1. **Locate Old Accounts:** Begin by gathering information on all of your 401(k) accounts, including those from previous employers. You can likely find old quarterly printouts you may have saved or you may need to contact the human resources departments of your former employers or the plan administrators directly. Even though it may be cumbersome, it's worth the time to take this step!
2. **Evaluate Your Options:** Before moving your funds, understand the options available. These typically include rolling your old 401(k)s into your current employer's plan if permitted, or consolidating them into an Individual Retirement Account (IRA) that you control. Each option has its advantages and disadvantages, such as different investment choices, fees, and tax implications.
3. **Understand the Fees and Investment Choices:** Compare the fees and investment options of your current plan with those of an IRA. Depending on the size of the plan with your new employer, 401(k) plans can have higher or lower fees so make sure to read the fine print. IRAs are designed to offer a broader range of investment selections compared to a 401(k) and may potentially have lower or higher fees.
4. **Initiate the Rollover Process:** Once you've chosen where to consolidate your accounts, contact the plan recordkeeper of your old 401(k) or the financial institution hosting your IRA to begin the rollover process. They will provide you with the necessary paperwork and instructions.
5. **Monitor Your Investments:** After consolidation, continue to monitor your investments and adjust your portfolio as needed to align with your financial goals and market conditions.

Consolidating your 401(k) accounts can be a move towards a more manageable and a more diverse retirement strategy. By simplifying the oversight of your investments and potentially reducing fees, you could be better positioned to grow your retirement savings and achieve your financial goals.

## Planning & Strategy Beyond the 401(k)

Navigating the path towards your wealth building goals involves exploring a variety of savings vehicles beyond the familiar terrain of the 401(k). For Millennials in the CPG industry, diversifying retirement savings strategies is key to building a robust financial future.



#### Setting Retirement Goals

Establishing clear long term goals is foundational to effective retirement planning. Like any other goal in your life, long-term financial goals provide direction, helping to shape your savings strategies and investment choices. For Millennials in the CPG industry, this might include specific financial targets, desired retirement age, or lifestyle aspirations for retirement.

A consolidated view of your retirement savings, including 401(k) accounts and other retirement vehicles, offers a comprehensive picture of your progress toward these goals. This holistic perspective enables more informed decision-making and strategic adjustments to your plan. It allows for evaluating the balance between tax-deferred and tax-free savings, assessing investment performance across accounts, and ensuring that your overall portfolio aligns with your risk tolerance and retirement timeline.

Ultimately, the journey to retirement requires both careful planning and flexibility. By actively managing your retirement savings and setting clear, actionable goals, you can navigate the complexities of financial planning with confidence, building a foundation for the future. Remember, the key to achieving your retirement dreams starts with a comprehensive approach that goes beyond the basics, tailored to your unique situation and aspirations.



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### Beyond the Basics

While a 401(k) plan is a cornerstone of many retirement strategies, supplementing it with other types of accounts can significantly enhance your financial resilience. Individual Retirement Accounts (IRAs) offer a way to save with tax advantages. Traditional IRAs may allow for tax-deductible contributions, with taxes deferred until funds are withdrawn in retirement. In contrast, Roth IRAs are funded with after-tax dollars, offering tax-free growth and withdrawals, which can be particularly advantageous if you expect to be in a higher tax bracket in retirement.

Health Savings Accounts (HSAs) are another valuable tool, especially for those with high-deductible health plans. HSAs offer triple tax advantages: tax-deductible contributions, tax-free growth, and tax-free withdrawals for qualified medical expenses. Over time, HSAs can become a powerful component of your retirement strategy, as funds can be used for non-medical expenses in retirement without penalty (though they will be subject to income tax).

Incorporating these options into your retirement plan allows for a more personalized and flexible approach to saving, enabling strategies that align closely with your financial goals, health considerations, and tax situation.

### The Role of a Financial Advisor

The Millennial generation is getting older and reaching a stage where it's time to consider building a relationship with a financial advisor. The value a financial advisor brings extends far beyond simple investment advice. They play a crucial role in helping Millennials untangle the complexities of managing multiple 401(k) accounts or their IRAs. They help ensure that each move aligns with a broader, cohesive financial strategy tailored to individual goals and life stages. Whether it's a comprehensive financial plan or deciding when to open a 529 account to save for college for their young children, there are many decisions to be made that could benefit from the expertise of a financial advisor.

Unlike generic online tools or well-meaning family advice, a financial advisor offers a personal touch, underpinned by a deep understanding of your unique financial situation and story. This personalized approach allows for customized advice that considers your entire financial picture — from retirement savings and investment strategies to debt management and emergency funds. A financial advisor's expertise is especially valuable when making nuanced decisions that balance immediate needs with long-term objectives, such as consolidating 401(k)s without overlooking potential tax implications or investment opportunities.

Embracing the support of a financial advisor means gaining a teammate who not only helps you navigate financial complexities but also empowers you to make informed decisions. This partnership is about more than just numbers; it's about building a trusted relationship that supports your journey toward achieving your financial goals and ensuring that your financial strategy evolves alongside your life's ambitions and challenges.

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Throughout this guide, we've explored the value of consolidating 401(k) accounts and retirement planning, particularly tailored for Millennials in the CPG industry.

If you need help to take action on your 401(k) accounts, then reach out to a financial advisor. Surrounding yourself with a team to provide strategy and clarity for your financial future is a powerful investment in your life and career.

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