

Content Sample

Wealth Management

The average 401(k) value in the United States, according to USA Facts.com is \$1,450,000. There are three hundred forty million account holders as of 2018, aggregating to \$498,800,000,000.

What does that mean?

Wealth management is a huge industry.

Starting in the early 1980's the "401(k)" began to replace the Pension Plans in American business. Prior to that, wealth managers managed the pension plans of companies and unions.

That didn't matter to the employees in the United States.

Why?

A pension plan provides a "**defined benefit**", which means when you retire you get a fixed payment amount. The companies' and unions' pension plans had to make sure there was enough money in the pension funds to pay the required benefits when employees retired.

The calculation, while complex, is simple for the wealth managers of pension plans. If the wealth manager investments provided good returns, the less money the companies and unions would have to contribute to the pension plan.

The 401(k) is the Internal Revenue Service code for "**defined contribution**".

As an employee you can select an amount of your pay and have it contributed to the company 401(k) plan. The company typically matches, to some extent, the amount you have contributed.

Now it matters to employees.

Why?

You get to see your money grow. You can select how your money is invested.

Now it is time to retire. You've got \$1.4 million or more. You need a wealth manager.



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