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How’s that 401(k) working out?

By Susan Tompor (excerpt)
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Detroit area millennials on average saved $17,095 in 401(k) plans run by Fidelity Investments. But the average includes some young people who just started working.

Let's face it, most of us — millennials, boomers, whatever — would prefer to spend our free time taking a weekend road trip, picking a fantasy football team, or possibly, dare I say, washing windows instead of dwelling on our 401(k) plans.

But unless you plan on working until your last breath, it's wise to take a look at what's going on with your retirement savings. Should you check another box and put more money into that 401(k)? Review how much money you have in company stock? Some quick thoughts:

1) Save more, save more and save more — especially if you're younger.

Nationwide, the average 401(k) balance was $91,100 as of June 30 in 401(k)s run by Fidelity Investments. Fidelity's pool of data is based on 13 million 401(k) accounts. In the Detroit area, that average bumped up to $102,241.

On average, those employees were saving 12.1% locally. The employee saved 7.9% of pay and received 4.1% in matching funds from the company.

Baby boomers — with more working years for saving and more incentive to hold down spending — had an average 401(k) balance of $164,007 in the Detroit area.

By contrast, millennials had an average 401(k) balance of $17,095 in the Detroit area. The millennials are defined here as those born between 1981 and 1997. That group would turn 18 years old to 34 years old in 2015. …

2) Give a second look to just how much money you have riding on just one stock in your 401(k).

Plenty of people got burned badly in 2008-09 when they held too much of their own company's stock in their 401(k) plans.

On the flip side, though, some 401(k) plans got dramatically re-energized after stock in some companies shot up like a rocket in the latest bull market.

Even so, it's a terrible idea for most people to consistently leave all of their retirement money in a company stock fund, especially if they do not have a pension or other investments outside of a 401(k) plan. …

3) Watch out for an ever-changing landscape within your own 401(k) plan.

Employers are increasingly looking to add lower-cost options into 401(k) plans and shift toward more simplification, according to Nathan Voris, director of Sponsor & Workplace Investment Solutions at Morningstar. …

…Of course, it's possible that a favorite mutual fund could end up being discontinued, as well.

For instance, Ford is removing the Fidelity Contrafund, one of the biggest mutual funds in the country, from its 401(k) investment options in September.

David Kudla, CEO and chief investment strategist of Mainstay Capital Management in Grand Blanc, said cutting out the Contrafund is a bad move and a reflection of a bad trend that gives employees fewer choices. He said the Contrafund is a good "all-weather" fund that has outperformed the Standard & Poor's 500 in 2015.

Ford employees who are willing to take on more risk might opt for the Fidelity Growth Company Fund, Kudla said, instead of simply rolling that money that's now in the Contrafund into the S&P 500 index fund. …