

Technology and Your 401(k) Plan

Technology advances have permitted more 401(k) plan flexibility and have lowered the cost of administration. You have a number of technology options to help you understand and manage your plan. Make sure you take advantage of these options whenever possible. With a minimum of hassle, and 24-hour-a-day access, these systems generally allow you to:

- Enroll in your plan
- Inquire about your plan balance
- Request a plan loan
- Request a withdrawal at termination
- Change your contribution rate
- Change your investments
- Request a hardship distribution
- Plan for your retirement future

In any system that does not involve human interaction, you will access your account with a personal identification number (PIN), password, and security questions. Write down your access codes and store them in a secure place or memorize them to ensure that your account remains secure. Do not share them with others.

Telephone Systems

Automated telephone systems are currently the standard technology method for employee access to individual accounts. They are available in more than 80 percent of plans. Typically, participants can use an automated telephone system for balance inquiries, loan requests, changes to investments and contributions, and even advice on how to invest your plan assets. Most companies have telephone-accessed staffed service centers, typically contacted through an 800 number. These centers provide 401(k) participants with live people who can answer participant questions and help with plan transactions. Companies are most likely to use telephone-accessed service centers to assist participants in their initial enrollment or with arranging final distributions.

Computer Systems

Internet-accessed support for 401(k) plan participants is as common as automated telephone systems, and nearly all companies will give their employees access to their 401(k) accounts over the internet. These systems will be data encrypted or will use other security features to ensure your information is protected and not accessible by other internet users. Intranet systems, or computerized systems for use only within the sponsoring company, are uncommon except at very large employers. They provide 401(k) participants with all of the services of an internet-based system with the added security that access is available only through the company.

New Technologies

In addition to telephone and computer-accessed systems, the latest technology innovations - such as data aggregation, account consolidation, e-servicing, and holistic investment advice - are providing valuable opportunities for 401(k) participants. However, technologies continue to change rapidly, public policy is uncertain, and possible fiduciary consequences have not been totally assessed. Before you rush to use every new technology available, make sure you consider how safe and secure those systems are. Also, be careful if you intend to access your 401(k) account using an internet entry other than the one provided by your employer or your employer's selected 401(k) plan administrator. Some Web site companies engage in activities that could infringe on your privacy. These activities include both hidden tracking through unauthorized programs called cookies, and the misuse of information when data about Web site users is sold to others for cross-selling. Be sure to read each web site's privacy statement to know how that site will protect your privacy rights. Web sites without a privacy statement should be avoided.