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Do your homework before making your 401(k) investment decisions.

Unfortunately, most companies in Hawaii offer 401(k) plans with investment options that are loaded with hidden and excessive fees. Look out for these. Ask your HR department about the total cost of your 401(k) plan; it is your right to know. To avoid most hidden fees, search your 401(k) plan for index funds. These funds will always be low-cost and free from hidden fees that will slowly and surely eat away at your retirement nest egg. In most cases, reducing 401(k) plan fees by 1 percent annually can greatly improve retirement account balances.

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Request that target-date funds be offered on your 401(k) plan.

Most employees are not trained in the world of finance and investments. Yet almost all employees are required to make 401(k) investment decisions for which they are entirely unqualified. Target-date funds are a simple solution for the 401(k) investor who has no clue how to build a portfolio. These funds are a diversified mix of stock and bond funds that are tailored to employees of every age. Target-date funds that use index funds are most desirable as fees will be kept low and more savings will remain in your account.

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Save as much as you can while you are young!

As a rule of thumb, a husband and wife will need a nest egg that is 15 times their combined salary at retirement in order to replace roughly 70 percent of their income in their retirement years. So if you are living comfortably on a combined salary of \$100,000, assume that your retirement account would have to be at least \$1.5 million in order to begin thinking about retirement. This is easily achievable for employees in their 20s and 30s who have approximately 30 years to retirement and can commit to putting away at least 5 percent of their salary per year. Many companies offer a 401(k) "match" to provide an incentive for their employees to save. If your company is one of those generous companies, begin contributing immediately.

It is no longer acceptable for Hawaii's families to put off taking a critical look at how they are saving for retirement. Understanding and using the four suggestions provided to you in this article are good first steps. However, each of us must remain disciplined in our retirement savings program and review annually the progress or mistakes we have made.

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