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Rolling it on Over

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This past week, I started my quest to find the funds into which I would be rolling my 401(k). It is a task I am looking into because my place of employment will cease to exist July 12, and on July 13, I will be working for a new employer.

My first stop was at a local credit union (Educational Credit Union). Unfortunately, the only funds they have would be a traditional IRA and/or CDs. Not any funds that would be aggressive and help grow that money over the next 20 years. Well, unless you want to settle for 2 percent to 3 percent interest. The best interest rate at the credit union would be a 60-month CD with an interest rate of 3.8 percent. For an account that is currently on about $3,000, that is not enough to help get that up to the $1 million or better that I need to live on in my retirement. Rather, I need something that is at least 12 percent. The lady at the credit union was very happy to help and assist me with my questions. She said I was doing the right thing to investigate my options and to try to determine the funds I wanted to roll into ahead of time.

That was very different to my talk with the people at one of the local banks. When I arrived at Core First, the people were annoyed that I was even seeking information without having the rollover kit in my possession. After being shuffled into the cubicle of some gal that spoke briefly about traditional IRAs, Roth IRAs and CDs. She gave me the card of someone in their investment department and told to call him once I had the rollover kit. Which indicated to me that they weren't interested in talking to me and helping me to get informed without that rollover kit -- something that I won't actually see for another month or two, since I have two weeks before my place of employment is sold. Of course, I could give the bank a second chance and call for an appointment with the financial counselor, but my gut reaction is if the bank doesn't want my business, then it won't get it.

I left that bank and headed for work. The next stop on my investigation trail would come on my day off. Everyone's needs are different, but for me, I need something aggressive. Something that will grow with an average compounded 12 percent interest/dividend every year. That is why my next call was to Roger Shumaker, of Retirement and Tax Solutions at 5909 S.W. 28th, in Topeka. My appointment was Monday afternoon. I think, based on my personal knowledge of Roger, he will be the one with whom I end up working.

From the moment I walked into Roger's office, I knew he was someone who actually cared about my investment and my future retirement. The thing is, it's not just finding someone who can do the job, but someone who will take the time to help you be informed about what you are going to do.

We discussed two options that he recommended. One was "unit investment trusts," by First Trust.

A Unit Investment Trust is a fixed portfolio of securities, held for a predetermined time, investors purchase units which represent an undivided ownership in the securities contained in the portfolio.

While this option looks interesting, I am not sure it is for me. Sure, it is more aggressive then the most aggressive mutual fund for which Roger gave me information. However, I do not want to re-evaluate my retirement portfolio every 15 months or so. That takes me to the other option he presented: mutual funds.

Since, I personally want something aggressive, I automatically eliminate the moderate and conservative funds. That leaves either growth or moderate growth funds. The family I am looking at is the TransAmerica Funds and is MorningStar rated. Both have an average return of more then 12 percent during the past five years. Last year the growth fund had an impressive 8.69 percent, and the moderate growth had 7.97 percent. However, the market is horrible right now, so it is quite possible that the return this year will be nowhere close to last year's low numbers. Even so, it would be an awesome time to invest while I can get in at lower costs, allowing me to ride the tide back up. The question is, do I have the stomach to allow my retirement fund to ride out the current downturn. I think I can do it. That is why I don't want to be forced to look at and re-evaluate my investment every 15 months.

For me, I think, the unit investment trusts would be perfect for my automobile savings. It would be a fund that, like a CD, would allow me to cash out part of the funds at maturity to buy that new car, after which I could reinvest whatever is left to continue saving for the next car. However, for my retirement, I don't want to be watching the funds that closely.