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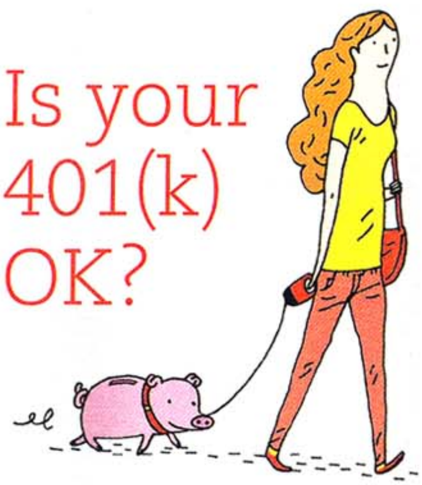
Is your 401(k) OK?



The good news: There's no need to carry your retirement savings around in a piggy bank. Here, Dara Duguay, director of Citi's Office of Financial Education, answers your questions.

I contribute 15 percent of my salary to my 401(k). Should I reduce my contribution? No. Continue making regular contributions even though the market is in a downturn. In fact, now is a great time to invest, because you're buying at low prices.

My 401(k) is invested entirely in stocks—should I change the way it's allocated? If you're 40 or younger, you can take more risks by owning mostly stocks. Still, you should review your investment allocations at least once a year. But as you approach retirement, a good chunk of your money (roughly 75 percent) should be in safer vehicles, such as bonds.

If my company shuts down, is my money all gone? The Employee Retirement Income Security Act (ERISA) insures that your money will be secure and available to you even if your employer goes bankrupt.

I don't have a 401(k). Should I start one in this iffy climate or just put my money into savings? Now is the perfect time to start investing. You'll get a much higher return on your 401(k) than on a savings account, and you also get a huge tax deduction for investing.

What happens if I take money out of my 401(k) before I retire? Not only will you be penalized but you will also be taxed, and you could lose about 50 percent of the value of your account.

—Carlos Greer