Since the early 1980s, 401(k) accounts have given retirement savers an important advantage: They allow workers to contribute a portion of their earnings without immediately paying income taxes.

The tax deferral allows the money within 401(k) accounts to grow faster than it would otherwise, which can mean more money at retirement. 401(k)'s are usually sponsored by employers: Employees elect to have a portion of their wages paid directly into their individual account, and employers can choose to "match" part or all of the employees' contribution.

In 2006, the federal government authorized the so-called "Roth 401(k)." Unlike traditional 401(k)'s, contributions to Roth 401(k)'s are not tax-deferred. That can appeal to 401(k) participants who, for example, expect tax rates to have risen by the time they retire.

New wrinkles on 401(k) plans include *participant-directed* plans, which allow employees to choose among mutual funds, and sometimes other investments, including stock in their employer. Copeland Wealth Management is experienced in helping employers set up 401(k) plans, and in helping employees make the best decisions about their employer-sponsored plans.