PARALLAX 401K
ALIGNING RETIREMENT PERSPECTIVE

401(k) Glossary — Key Terms at a Glance

A concise reference for core retirement plan language

Why This Matters

Clear language helps employees and decision-makers understand how the plan works, make better choices, and engage more confidently with their retirement benefits.

- **401(k) Plan:**

A tax-advantaged retirement savings plan sponsored by an employer, allowing employees to contribute from their paycheck.

- **Pre-Tax Contribution:**

Money contributed before income taxes are taken out, reducing current taxable income. Taxes are paid when withdrawn.

- **Roth Contribution:**

After-tax contributions; no upfront tax break, but qualified withdrawals in retirement are tax-free.

- **Employer Match:**

Contributions your employer makes based on how much you contribute (e.g., 50% of the first 6% you defer).

- **Vesting**:

The portion of employer contributions you “own” if you leave the company. Your contributions are always 100% vested.

- **Deferral Rate:**

The percentage of your paycheck you contribute to the plan each pay period.

- **Auto-Enrollment:**

A feature that automatically enrolls eligible employees at a default contribution rate unless they opt out.

- **Auto-Escalation:**

A feature that automatically increases your contribution rate over time (e.g., +1% per year).

- **Target-Date Fund (TDF):**

A diversified fund that automatically adjusts its mix of investments as you approach a target retirement year.

- **Investment Lineup:**

The menu of investment options available in the plan (e.g., funds, TDFs, stable value).

- **Fiduciary**:

A person or entity responsible for acting in the best interest of plan participants and beneficiaries.

- **Recordkeeper**:

The service provider that tracks accounts, processes transactions, and provides statements and online access.

- **Advisor**:

A professional who helps oversee investments, plan design, and participant education.

- **Expense Ratio:**

The annual cost of an investment fund, expressed as a percentage of assets.

- **Required Minimum Distribution (RMD):**

The minimum amount you must withdraw from certain retirement accounts each year starting at a specified age.

How Parallax 401k Helps

We simplify complex retirement plan language so employers and employees can make informed, confident decisions.

Ready to See Your Plan from a New Perspective?

Bring clarity, alignment, and confidence to your retirement plan.

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