Profit-Sharing Plans

Your employer may offer to share its profits, often by contributing company stock or cash into a profit sharing account, in your name. The contributions grow tax-deferred, and you don't pay income tax on the contributions until you withdraw them at retirement.

If you receive company stock, the value of your profit sharing plan will rise and fall as the price of the company stock fluctuates over time. Remember to keep in mind the importance of diversifying your investments—to not invest too heavily in any one type of investment or particular stock. You might have heard this rule of thumb referred to as "Don't put all of your eggs in one basket."

In addition, your employer does not have to share its profits year after year. Think of your profit-sharing plan as a bonus rather than as a resource for your retirement or for your child's needs.

For more information on profit sharing plans,
visit the Profit Sharing/401k Council of America at www.401k.org or
call 312-419-1863.

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