When *Not* To Get A 401 K

(NAPSA)—It may seem surprising to many, but sometimes, a 401(k) is the wrong choice.

It's smart to have a mix of non-retirement savings and investment accounts to help fund your retirement and your life. The more assets you accumulate, the more you may want to limit how much money you put in retirement accounts. The exact mix will depend on your situation. Consider the following five factors when deciding where to save your money.

1. Capital Gains. You won't get special tax treatment on capital gains. Gains in a tax-deferred account don't get preferential treatment when you pull them out in retirement. Taxable withdrawals from retirement accounts are treated as ordinary income. You could be looking at a tax rate of over 39 percent.

2. Taxes. You're still going to have to pay taxes after you retire. Currently up to 85 percent of your Social Security benefits can be subject to federal income taxes if your income is high enough. Withdrawals from taxable accounts increase the probability that you'll have to pay tax on your benefits in retirement.

3. Higher Tax Bracket. You could be in a higher tax bracket in retirement than you are now. A well-funded pension plan, Social Security and your own retirement accounts could add up to as much income in retirement as you have now.

4. Company Stock. Depending on your employer for your retirement nest egg as well as your job may not be the best idea. Many people who invest their 401(k) funds in their company's stock have regretted that decision in recent months. Even if you work for the most solid firm around, it's wise to diversify.

Sometimes, you may be better off not putting your money into a retirement fund.

5. Unexpected Expenses. You may have better things to do with your money: buy a house, send a child to college, cover emergencies. For tax reasons, it's wise to have a non-retirement account to tap into under such circumstances.

Retirement planning means more than just saving money in a specific kind of account. Buying and accumulating equity in a home, saving in non-retirement accounts, purchasing and maintaining insurance, managing and minimizing debt can all be considered part of preparing for your retirement.

To learn more about saving for retirement visit CNBC on MSN Money (http://money.msn.com) or check out the comprehensive personal finance management software, Microsoft Money, which helps you map out a long-term plan for retirement.