

PLANNING IN PRACTICE:

Advanced 401(k) Optimization Strategies for High-Net-Worth Families

CASE STUDY: Looking Beyond the Contribution Limit

THE CLIENT

Layla, 52, is a senior healthcare executive earning a seven-figure income. She had always considered herself a disciplined saver. Every year, she maxed out her 401(k), received her employer match, and felt confident she was doing everything possible to prepare for retirement.

THE CHALLENGE

When Layla took a broader look at her financial picture, she discovered there was considerably more opportunity available than she realized.

Her employer's retirement plan allowed after-tax contributions beyond the standard annual employee limit and supported in-plan Roth conversions. Because no one had ever evaluated her plan's features in the context of her overall wealth strategy, she had been leaving valuable tax-planning opportunities on the table.

THE STRATEGY

When Layla joined Sequoia Financial Group, as part of a comprehensive review, her advisory team evaluated how her 401(k) fit alongside her taxable investment portfolio, deferred compensation, equity awards, estate plan, and anticipated retirement income.

They explored:

- Whether a Mega Backdoor Roth strategy aligned with her goals and cash flow.
- Whether traditional or Roth contributions made the most sense given her projected lifetime tax picture.
- How employer plan provisions and contribution timing could further improve tax efficiency.

THE OUTCOME

Rather than viewing her 401(k) as a standalone retirement account, Layla began using it as one component of a coordinated wealth strategy.

While investment outcomes can never be guaranteed, the review helped her position her retirement savings more intentionally by:

- Improving tax efficiency across multiple account types.
- Better aligning her retirement plan with her broader investment and estate strategies.
- Supporting both her long-term retirement goals and the legacy she hopes to leave her family.

The Takeaway

For many high-income investors, the greatest opportunity isn't always contributing the annual maximum. It's understanding how a 401(k) works alongside every other aspect of a comprehensive financial plan. When retirement planning is coordinated with investment management, tax strategy, estate planning, and long-term cash flow, a 401(k) may become more than a retirement account—it can become another tool supporting a family's broader financial objectives.