

401(a-oK)!

Apart from doing my [taxes](#), my favorite thing about this time of year is the smug and self-congratulatory feeling I get from maxing out my 401(k). No doubt I am a little nutty about retirement savings, and I feel very lucky and grateful to be in a position where I (1) have a 401(k) and (2) have the ability and wherewithal to max it out.

To be sure I don't take that luck and gratitude for granted, I take it to a bit of an extreme. I make a point to max out my 401(k) as early in the year as possible, a habit I started when I began my "real" (cough cough) career in 2007. At that time, my employer would allow contributions of up to 50% of my paycheck, so that's what I did. My current employer does not cap contributions, so I've opted to contribute 100% of any bonuses and 50% of my salary.

Whaaaaa? Why do I do this?

- I'm impatient. This way I'm done with my 401(k) contributions by summer, so I can rest easy by the lake.
- I'm greedy (when it comes to savings). Contributing such a high percentage of my income forces me into a greater than 50% savings rate, a habit I (mostly) maintain even once I'm done so that I can keep barreling towards FIRE.
- I like getting a 50% raise several months into the year, every single year. Ok, it's not a raise, exactly, but having a little more cash on hand for the rest of the year can come in handy. I don't increase my day-to-day spending after my 401(k) contributions are done, but it's nice to have a cushion for summer home improvement projects and travel.
- I believe in investing early. To put it eloquently, markets go up over time, so the more time your money has to go up, the more up it goes. There are different philosophies about investing lump sums at once v. dollar-cost-averaging (investing the same amount over a longer period of time to average-out market fluctuations) and there is no question both methods work well. I dollar-cost-average my non-retirement investments by automatically investing a certain amount with every paycheck (an amount that goes up once my 401(k) is done!), but for long-term retirement savings, the earlier in the better. (If in doubt, check out [this calculator](#).)
- I can put my FU money to use guilt-free. On days when I'm feeling like I should just walk away from my job, one thought that holds me back is failing to take advantage of my great 401(k) plan. If I can max it out early in the year, that restriction evaporates into several months of potential no-strings-attached freedom.

So what's the first thing I do when I'm done with my 401(k)? Max out my Roth IRA, which I'm pretty sure stands for I'm Really Anxious about retirement.