

Financial Planning for Your Future

To live comfortably in retirement, saving and investing now is one of the most important financial decisions you can make. For this reason, Tri-Com has partnered with a financial advisor group, Trinity Point Wealth, who is supporting our 401K Retirement Savings Plan and would gladly meet with you at your convenience to review your options at no cost to you (Tri-Com pays for this service).

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Once you reach your 90 day anniversary you will be able to access to your 401K account in Paychex. You will need to create a login ID which takes about 5 minutes to set up (it's the same sign on for your payroll so no need to duplicate if you've already created an ID). At that time you will have the opportunity to select from a large variety of investment products. **The default enrollment is 3%**, and is invested in the Vanguard Retirement 2025 fund which holds a diversified mix of stocks and bonds that shift from riskier investments to more conservative investments as your target retirement date draws closer. Again, we encourage you to schedule a time to speak with Trinity Point Wealth to create a plan that best meets your needs.

Prior to your Enrollment Date, you will have the ability to elect another contribution rate, indicate that you do not wish to participate in the RSP or to make other investment elections for your contributions by logging onto [Paychexonline.com](https://paychexonline.com) or calling Member Services at 1-877-244-1771. Again, if you have questions about your retirement planning, Trinity Point Wealth will be happy to assist you in customizing the retirement options that best suit your financial needs and answer any questions you may have.

Unless you elect otherwise, your automatic contributions to the RSP will begin with the first full payroll period following your 90 day eligibility period. If you do not wish to participate in the auto enroll you must either log into [Paychexonline.com](https://paychexonline.com) or call Paychex Member Services at 877-244-1771, Monday through Friday, between 8:00 a.m. and 8:00 p.m. ET to change your contribution rate to 0% to prevent any participation in the auto enroll.

What are the tax advantages of participating in a 401(k) plan?

There are three primary tax advantages to participating in a 401(k) plan. They include:

1. **Lower Income Taxes:** Because your 401(k) contribution is deducted before taxes are taken out, you are taxed on a smaller sum of money, which makes your initial tax hit lower. An example: if you earn \$30,000 per year and are in the 28 percent tax bracket, your federal tax liability for the year is \$8,400. Under that same scenario, if you contribute 10 percent of your salary (\$3,000) to a 401(k), your taxable income is decreased to \$27,000. At a 28 percent tax rate, your federal income tax liability will be \$7,560 -- that is \$840 less than you'd pay if you didn't contribute to a 401(k).

2. **Increased Investing Power:** Pre-tax investing increases your investing power by enabling you to save more. In the example above, a 10% 401(k) contribution from a \$30,000 salary is \$3,000. 10% of your after-tax income, on the other hand, comes to less than \$2,200. Contributing before taxes enables you to save an extra \$800.
3. **Tax-Deferred Compounding:** Since you don't pay taxes on your 401(k) contributions or subsequent earnings until you withdraw money at retirement, your savings accumulate faster. Say you contribute \$2,000 per year to your 401(k) for 40 years, and your investment earns an annual return of 8 percent each year. At the end of the 40 years, you will have contributed \$80,000 to your 401(k), but your account will be worth \$518,113 -- thanks greatly to the power of tax-deferred compounding.

The maximum Pre-Tax Contribution limit for 2016 is \$18,000. If you are age 50 or more you can put an additional \$6,000 into your plan for a total contribution of \$24,000. You can also fund a 401k ROTH contribution up to the maximum. Unlike the ROTH IRA contribution there is no income limit or restriction.

These are just a few benefits of the 401k plan. Please feel free to schedule a time with Trinity Point Wealth to discuss your personal situation on how to best take advantage of these tax benefits.