Get educated about retirement

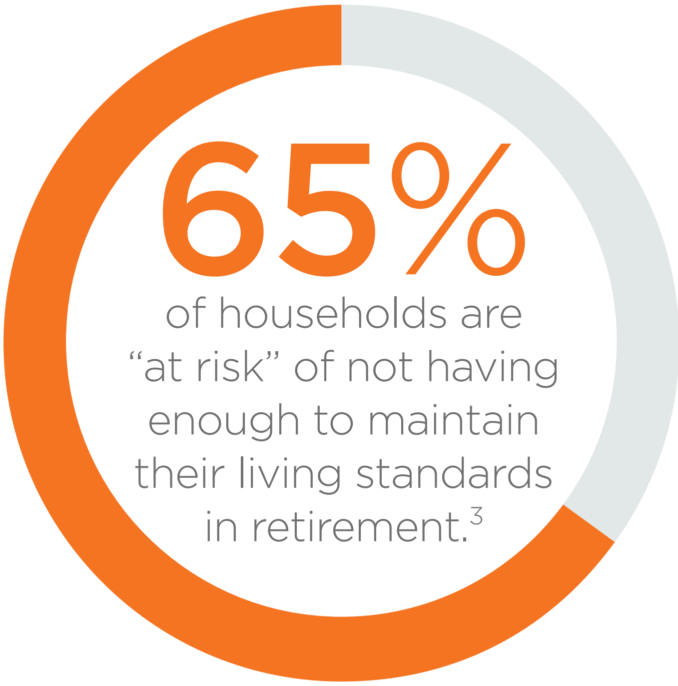
Your company's retirement plan offers a great way to save for your future. We want to help you understand how this Plan can help you reach your goals. And, it's easy to get started!

What's it going to take?

If you're not already saving for retirement, the time to get started is now. For most Americans, Social Security benefits will not provide enough retirement income. Some industry professionals say you'll need about 70% to 90% of your current income just to maintain your standard of living in retirement.[1] But when you factor in inflation and increases in medical costs, others estimate you may need as much as 126% of your final pay.[2]

So, how will you make sure you have enough for retirement? With the future of Social Security so uncertain, why not take advantage of the benefit your employer has given you and enroll in your company's retirement plan?

Consider these retirement realities:



>> Inflation. It's the rate of increase in the prices of goods and services over time. One example is the rising cost of gas. In 1980, the average gas price was $1.35[4] and in 2012, it was $3.60.[5]

>> Outliving your money. It's important to make sure your savings are sufficient to provide income throughout your expected lifespan. According to the Social Security Administration, the average 65-year-old is expected to live between 18 and 20 additional years. This could require significant additional savings. For example, a couple could spend $438,000 on meals in 20 years.[6]

>> Health care. Health care costs are on the rise. A healthy couple turning age 65 in 2018 will need $511,000 to cover health care costs in their remaining years.[7]

>> Long-term or assisted-living care. Continual care for an ongoing condition can be very expensive. According to a Cost of Care Survey 2012, "overall, the cost of care among facility-based providers has steadily increased. For example, in 2007 the median annual rate for a private nursing home room was $65,700, compared with the 2012 median annual rate of $81,030."[8]

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[1] *Do I really need 100% of my pre-retirement income?* CNNMoney.com, 7/13/12.

[2] *Employee Saving Behaviors,* http://hr.cch.com/news/pension/072308.asp, accessed 6/15/11.

[3] National Retirement Risk Index, 2010.

[4] Inflationdata.com, 7/27/12.

[5] AAA's Fuel Gauge Report, February 19, 2013, http://newsroom.aaa.com/tag/gas-prices/ 2/20/13.

[6] Assumption based on three meals per day for 20 years at $10.00 per meal.

[7] Health care for retirees, http://www.bankrate.com/finance/retirement/health-care-costs-a-huge-retirement-factor-1.aspx 2/20/13.

[8] Executive Summary Genworth 2012 Cost of Care Survey, https://www.genworth.com/corporate/about-genworth/industry-expertise/cost-of-care.html 2/20/13.

Contribute now, pay taxes later

Pretax payroll deductions help you make the most of your money today

Your retirement plan allows you to defer money each pay period before it's taxed. That means fewer tax dollars are paid on today's income, making a smaller impact on your take-home pay. Basically, more money goes into your account than comes out of your paycheck.

You contribute	You invest	Biweekly pay reduced by	Annual income tax savings
3%	$35	$26	$225
6%	$69	$52	$450
9%	$104	$78	$675
12%	$138	$104	$900

Example of potential pretax savings for someone making $30,000 a year

Results rounded to the nearest dollar, assuming a 25% marginal federal income tax bracket and biweekly pay periods.

Pay taxes now to withdraw tax-free later

Roth deductions free up tax free money while in retirement

By now, you may have heard of the Roth IRA. You may have even set one up. Well, you also have the opportunity to contribute all or part of your salary deferral to a Roth account within your company's retirement plan. When you contribute to a Roth account, you pay taxes on the portion of your salary that goes into the plan; but withdrawals of contributions and earnings in retirement are currently tax-free if certain conditions are met. And, if you ever decide to roll your Roth account balance to a Roth IRA, you may not have to take the required minimum distribution when your're at or near 70½ years old.

Let's compare	Traditional (pretax) 401(k)/403(b) Account	Roth 401(k)/403(b) Account (Current Tax Bracket: 15%)	Roth 401(k)/403(b) Account (Current Tax Bracket: 25%)	Roth 401(k)/403(b) Account (Current Tax Bracket: 35%)
Single contribution	$10,000	$10,000	$10,000	$10,000
Less federal taxes paid on contribution	$0	$1,500	$2,500	$3,500
Net total contribution	$10,000	$8,500	$7,500	$6,500
Value in 20 years	$46,610	$39,618	$34,957	$30,296
Less federal taxes at distribution (25% tax bracket)	$11,652	$0	$0	$0
Net distribution	$34,957	$39,618	$34,957	$30,296

Remember, when withdrawals are made in retirement, pretax contributions are taxable income, while Roth contributions are withdrawn tax free.

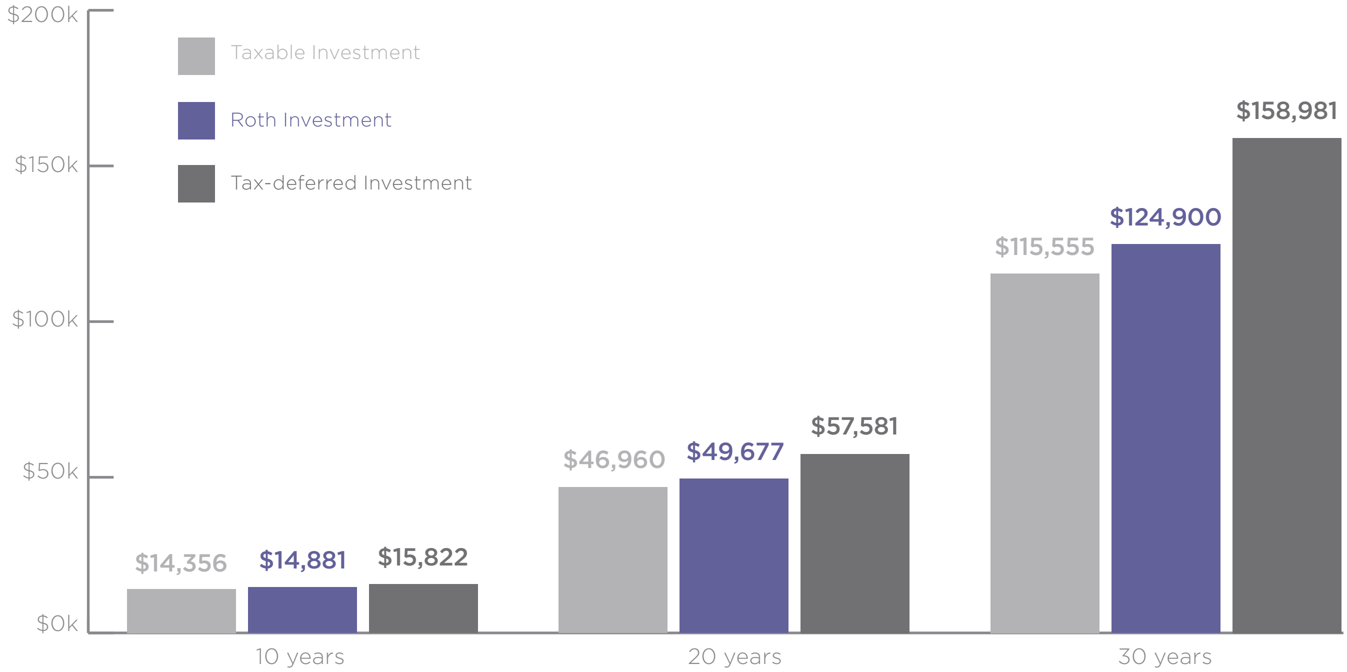
These examples are hypothetical in nature and assume a 25% tax bracket at distribution. It also assumes that the retirement plan's value earns an average total return of 8% compounded annually. Investment return is not guaranteed and will vary depending upon the investments and market experience.

A single contribution of $10,000 will be worth the same amount in 20 years if the tax bracket remains the same.

However, if the future tax rate is greater, the amount distributed from the Roth account will be greater than the post-tax amount distributed from the traditional 401(k)/403(b) account.

Tax deferred or tax free helps, too

The money in your account, including any earnings, accumulates tax deferred in a pretax account, or tax free in a Roth account.. This may give your account the opportunity to grow more than if it were subject to taxes. The chart below illustrates the potential difference in growth between a tax-deferred and taxable account. Neither the company nor its representatives give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.



The power of tax-deferred compounding

Totals shown reflect a $100 monthly investment, an 8% annual return, a 4% annual wage inflation and a 25% marginal federal income tax bracket. From the taxable investments, taxes are taken each month from deposits and annually upon gains. Taxes are taken on the tax-deferred investment's end balance. This is a hypothetical compounding example and is not intended to predict or project investment results of any specific investment. Investment return is not guaranteed and will vary depending upon your investments and market experience. If fees were reflected, the return would be less.

You could be eligible for a $2,000 credit!

Depending on your income and income tax return filing status, you could be eligible for up to a $2,000 tax credit. And, this tax credit is in addition to any deduction or exclusion that already applies to the contribution.

- **Principal:** The money an investor defers into an investment account; doesn't include earnings.
- **Paycheck impact:** The difference between the amount of the deferral and how much your take-home pay is reduced. For example, you may defer $25 per pay, and your retirement account will grow by $25, but it will only appear to be $18.75 out of pocket because of the pretax status.

Act now

Put your money to work

Now that you know you need to save for retirement, it's important to understand why you want to start saving now. It's all about compounding interest.

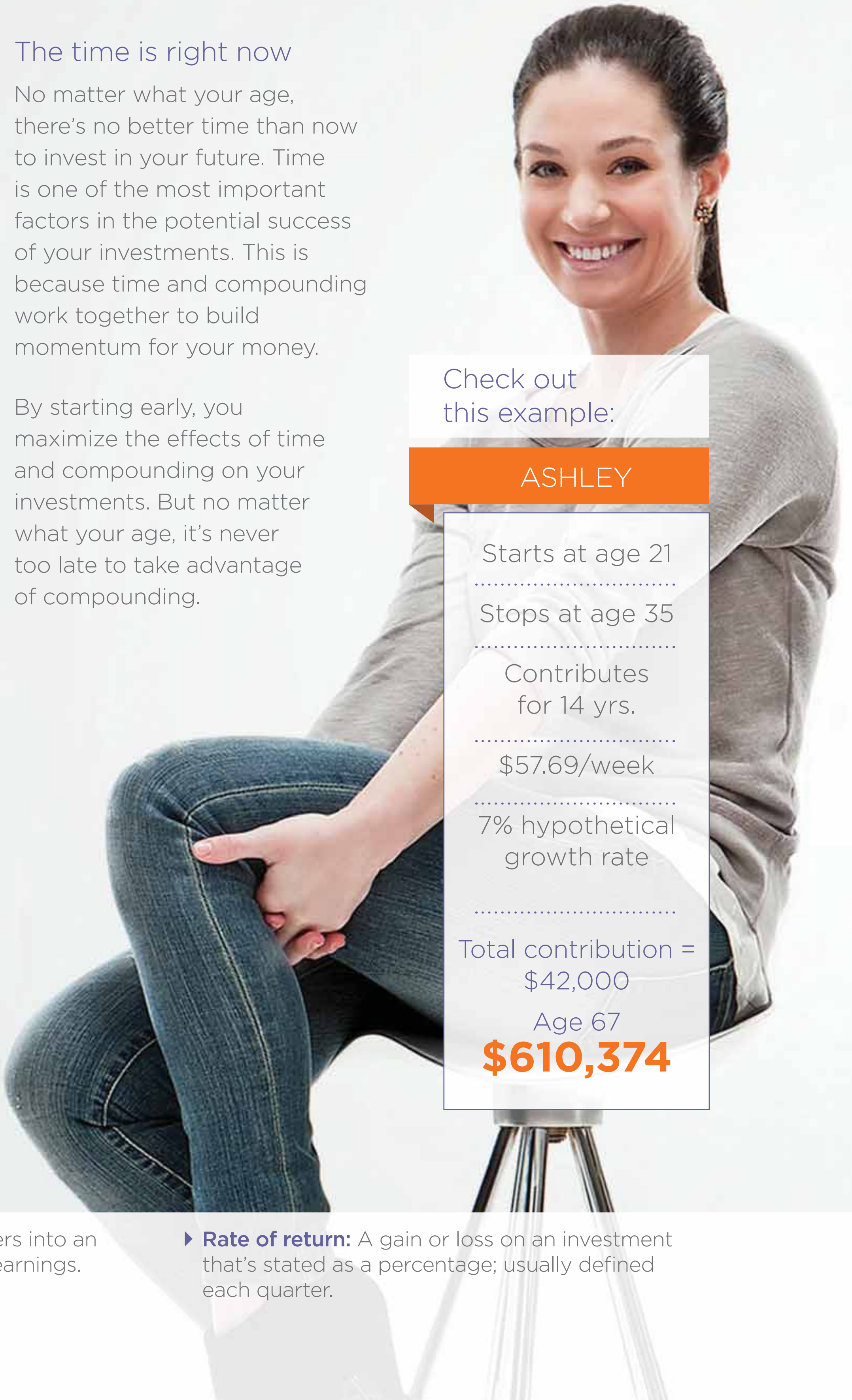
Compounding, simply stated, is allowing time to let your money make money for you. In other words, the earlier you start saving, all things being equal, the less money it will cost you to reach your goal. Participating in your employer's retirement plan offers you an excellent opportunity to take advantage of compounding.

Keep in mind that investing involves market risk, including possible loss of principal and that compounding is not guaranteed.

The time is right now

No matter what your age, there's no better time than now to invest in your future. Time is one of the most important factors in the potential success of your investments. This is because time and compounding work together to build momentum for your money.

By starting early, you maximize the effects of time and compounding on your investments. But no matter what your age, it's never too late to take advantage of compounding.



Check out this example:

ASHLEY

Starts at age 21

Stops at age 35

Contributes for 14 yrs.

$57.69/week

7% hypothetical growth rate

Total contribution = $42,000

Age 67

$610,374

- **Principal:** The money an investor defers into an investment account; doesn't include earnings.
- **Rate of return:** A gain or loss on an investment that's stated as a percentage; usually defined each quarter.

MICHAEL

Starts at age 35

Stops at age 67

Contributes for 32 yrs.

$57.69/week

7% hypothetical growth rate

Total contribution = $96,000

Age 67
$342,306

COURTNEY

Starts at age 21

Stops at age 67

Contributes for 46 yrs.

$57.69/week

7% hypothetical growth rate

Total contribution = $138,000

Age 67
$952,682

This illustration is a hypothetical compounding calculation assuming a rate of return of 7% on a $30,000 annual salary. It is not intended to serve as a projection or prediction of the investment results of any specific investments. Investments are not guaranteed. Depending on the underlying investments, returns may be higher or lower. If costs and expenses had been considered in this illustration, the return would have been less. Interest compounded annually based on weekly contributions.

How much to save?

Smart choices may lead to reaching your goals

You know there's a big advantage to contributing to your company's retirement plan, but how much should you contribute? The chart below shows the connection between how much someone might contribute out of each paycheck and possible account values over different periods of time. While everyone's situation is unique, some experts feel that you should aim to contribute at least 10% of your salary up the maximum allowable if possible.[9]

Growth Period			Ending Balance		
Deferral Per Pay	Paycheck Impact	Annual Deferral	Accumulation 10 Years	Accumulation 20 Years	Accumulation 30 Years
$25	$18.75	$650	$9,304	$27,605	$63,607
$50	$37.50	$1,300	$18,607	$55,210	$127,214
$75	$56.25	$1,950	$27,911	$82,815	$190,821
$100	$75.00	$2,600	$37,214	$110,420	$254,428
$150	$112.50	$3,900	$55,821	$165,631	$381,642
$200	$150.00	$5,200	$74,429	$220,841	$508,856
$250	$187.50	$6,500	$93,036	$276,051	$636,070
$300	$225.00	$7,800	$111,643	$331,261	$763,283
$400	$300.00	$10,400	$148,857	$441,681	$1,017,711
$500	$375.00	$13,000	$186,071	$552,102	$1,272,139
$600	$450.00	$15,600	$223,286	$662,522	$1,526,567
$673	$504.75	$17,500	$250,452	$743,129	$1,712,299

This table shows the cumulative value of 26 biweekly deferral amounts over 10, 20, and 30 years, assuming a compound annual rate of 7% and a 25% federal tax rate, for a single person with an annual salary of $38,000 and one deduction for federal tax purposes. Actual investment returns will vary from year to year, and the value of your account after the specified periods of years shown in the table may be less or more than the amounts shown. This illustration is hypothetical and is not intended to serve as a projection of the investment results of any specific investment. If fees and expenses were reflected, the returns would have been less.

Remember that if you choose a Roth, your Paycheck Impact is the same as your Deferral Per Pay.

[9] *How to invest in a 401(k)*, CNNMoney.com, 8/1/12.