Reinventing Retirement

Make a Plan For Your Secure Retirement

What's keeping you from taking advantage of saving through your retirement plan right now?

Whatever your reasons are, you're not alone. Here are three of the most common reasons given by employees just like you:

"I can't afford to contribute"

"Retirement is too far off to worry about right now..."

"I'm already taking care of my retirement needs by participating in another savings plan (such as an IRA, or bank savings account)"

Knowledge Is Retirement Power

If you look just a little closer, you'll find that your reasons for not participating can and should be challenged. In fact, you'll certainly see that the potential benefits of your retirement plan are too valuable to be ignored!

Knowing where you are and where you want to go in your quest for retirement treasure is the first step to making your goals a reality. And, the reality is many experts suggest you will need 75% - 85% of your current income to maintain your comfortable standard of living. If you are currently participating in your plan, are you saving enough?

So go ahead, follow these eight tips to help lead you to your retirement security!

Use These Tips To Expand Your Retirement Knowledge!

#1: Pay Yourself First

Any retirement plan contribution that you make is automatically deducted from each paycheck before you even see it. And what you don't have you won't spend! You'll be following a great savings principle: Pay Yourself First!

The illustration at the right shows the cost of waiting just one year to start saving for retirement (assuming monthly personal contributions of $100):

Starting Age	Total Contributions by Age 65	Account Value at Age 65	Cost of Waiting Just One Year
25	$48,000	$324,180	
26	$46,800	$299,008	**$25,172**
35	$36,000	$141,761	
36	$34,800	$130,102	**$11,659**
45	$24,000	$57,266	
46	$22,800	$51,865	**$5,401**

This is a hypothetical illustration and is intended to show how the number of years invested in the Plan could affect participant account values. It is not intended to depict the performance of any particular security or investment plan. Assumes monthly contributions of $100, an annual 8% hypothetical rate of return, retirement at age 65, and no withdrawals. Savings totals do not reflect any fees/expenses that may be associated with your Plan. The accumulations shown above would be reduced if these fees had been deducted.
Source: Kmotion, Inc., 2010.

#2: Small Savings = Big Rewards

Below is a paycheck comparison for someone who is making $25,000 per year saving 6% in their retirement plan, versus someone who is not saving in their retirement plan:

	Before-tax Saver's Account	Non-Saver's Account
Gross Annual Pay	$25,000	$25,000
Less: Before-tax Contribution	($1,500)	-0-
Taxable Pay	$23,500	$25,000
Less: Federal Income Tax Withheld*	($3,525) **($225 lower!)**	($3,750)
Spendable Pay	$19,975	$21,250
Balance in your retirement plan, end of year one	**$1,500**	-0-

For a difference of $1,275 in take home pay, you can save $1,500 in your retirement plan! Your potential account balance over time (assuming an 8% rate of return, compounded monthly), could be:

After 10 years: $23,423 After 20 years: $74,859 After 30 years: $189,028

**Assumes a 15% flat federal tax for a married couple filing jointly. State and local taxes are not included.*
Source: Kmotion, Inc., 2010.

#3: *Saving A Little More Can Mean A Lot*

The chart below shows how just a small increase in your contribution level could mean thousands of dollars more over time. All contribution amounts are based on a $30,000 annual salary:

Contribution Level	Savings After 10 Yrs	Savings After 20 Yrs	Savings After 30 Yrs
2% ($50 monthly)	$9,147	$29,451	$74,518
4% ($100 monthly)	$18,295	$48,902	$149,036
8% ($200 monthly)	$36,589	$117,804	$298,072

Assumes an 8% hypothetical rate of return, compounded monthly.
Source: Kmotion, Inc., 2010.

#4: *Your Money Grows On A Tax-Deferred Basis*

100% Savings Power!

Check out the difference with Sally saving in her retirement plan, versus Carl who is saving on his own, putting away after-tax money in another type of savings account.

Sally and Carl both earn $25,000 per year and each save 6% of their pay ($1,500) each year for retirement.

Sally Saving in her Retirement Plan	Year	Carl Saving in his Savings Account
$23,468	10	$21,926
$43,468	15	$39,642
$74,134	20	$64,258
$118,432	25	$98,462
$183,519	30	$145,988
$279,153	35	$212,026
$419,672	40	**$303,785**

A difference of $115,887 over time!

This illustration assumes an average annual rate of return of 8% (compounded annually) and a 15% flat federal tax. This is a what-if scenario and is not based on (or predicting the performance of) any specific investment or savings strategy. Most retirement plan investments will move up and down with the market over time, producing better or worse actual returns for you. Your returns are not guaranteed.
Source: Kmotion, Inc., 2010.

#5: *Track The Cash — Quick Tips For Saving*

The fact is, people at all income levels find themselves struggling just to make ends meet. When you look a little closer, however, chances are you'll find money that you may be spending thoughtlessly or that could be better used to save for your retirement. Review your major financial expenses at least once a year and explore ways to save on at least one of them. See the chart to the right to find clues that might help you start saving more.

Event	Monthly Amount Saved	Potential Balance if Invested for 25 Years at 8%
Shop around for a better cell phone plan	$15	$14,266
Receive a raise and invest $25 of it in your retirement plan	$25	$23,934
Shop for lower credit card interest rate*	$30	$28,721
Find a lower car insurance premium	$50	$47,868
Refinance your mortgage	$150	$143,605

** Only if you absolutely must maintain a balance. You should make a plan to pay off the balance within a reasonable length of time by making more than the minimum payment each month.*

This illustration is hypothetical and is not intended to reflect the actual performance of any investment or investment strategy. Actual investments will move up and down over time. This illustration assumes an 8% annual rate of return, compounded monthly, with investment made at the beginning of each period.
Source: Kmotion, Inc., 2010.

#6: Delaying Your Decision Can Cost You

What Can You Lose By Waiting?

Look at how much of a difference it makes to start investing $100 per month now versus waiting three or more years. As the example shows, the earlier you start saving, the more powerful the effect of time has on your investments.

	Potential Value After 10 Years	Potential Value After 20 Years	Potential Value After 30 Years
Start Now	$18,417	$59,295	$150,030
Wait 3 Years	$11,286	$43,468	$114,899
Wait 5 Years	$7,397	$34,835	$95,737

Assumes an investment in a tax-deferred retirement account earning an average annual rate of return of 8%, compounded monthly. This is a hypothetical example shown for illustrative purposes only. It is not intended to predict the performance of any investment. Source: Kmotion, Inc., 2010.

#7: You Need Enough Money To Last

The more money you have saved for retirement, the farther you can go.

Worker Confidence in Having Enough Money to Live Comfortably Throughout Their Retirement Years.

- *Very Confident 16%*
- *Somewhat Confident 38%*
- *Not Too Confident 24%*
- *Not at All Confident 22%*

Source: Employee Benefits Research Institute, 2010 Retirement Confidence Survey.

#8: How Much Should You Save?

As a starting point, here's a simple rule of thumb that many financial advisors use:

- *In your 20s, save 7% of your salary*
- *In your 30s, save 10% of your salary*
- *In your 40s, save 15% of your salary*
- *In your 50s, save 20% of your salary*

Source: Kmotion, Inc., 2010.

What Are You Waiting For?

Now that you have the tips to secure your retirement future, enroll in your plan today (if eligible)!