

Why 401(k)?

Income Replacement

A goal should be to replace 75% of your current income in retirement. As an example, if you are 35 years old and currently making \$40,000/year, you will need to have saved over **\$730,000** by age 65 in order to replace 75% of your current income in retirement.

Social Security?

Social Security was never intended to be the only source of retirement income. When the program was created 16 ½ people were supporting every 1 person in retirement. Now 3 ½ workers support every 1 person in retirement. By 2030 2 workers will support every 1 person receiving a benefit. Don't count on Social Security as your sole source of income replacement in retirement!

Other Sources of Retirement Income

Inheritance/Lottery → The odds are not in your favor!

Personal Savings → Low savings rates

Working After Retirement → Is this your idea of fun?

Key 401(k) Benefits

- Pay Yourself First – When you earn a dollar, the first person you pay is you. Many people attempt to budget for retirement savings after all other expenses have been paid. Very few people have the discipline to make this approach work. Paying yourself first through 401(k) makes saving for retirement automatic.
- Compound Interest – Small 401(k) contributions made today can grow substantially over time. For example, a \$100,000 401(k) plan balance could double to \$200,000 in 7 years assuming no new contributions and a 10% average rate of return on investment.
- Pre-Tax Savings - All contributions are deducted from your paycheck before any income taxes are paid. For 2008 you are able to shelter up to \$15,500 (\$20,500 if over age 50) from income taxes by contributing to 401(k). Your taxable income is reduced by the amount of your contribution, so your current year taxes are reduced as well.
- Dollar Cost Averaging – Contributing fixed amounts of money to your 401(k) account at regular intervals can potentially produce lower per share purchase costs and higher investment returns. When prices are high, you buy fewer shares at higher market prices; when prices are low, you buy more shares at lower market prices.

**DON'T MISS YOUR OPPORTUNITY TO BUILD A SECURE RETIREMENT
FUTURE FOR YOU AND YOUR FAMILY.**

CONTACT THE BENEFITS DEPARTMENT FOR MORE INFORMATION