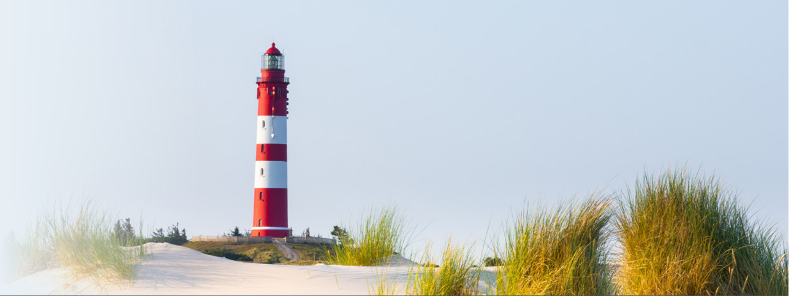
Retirement Plan

Update

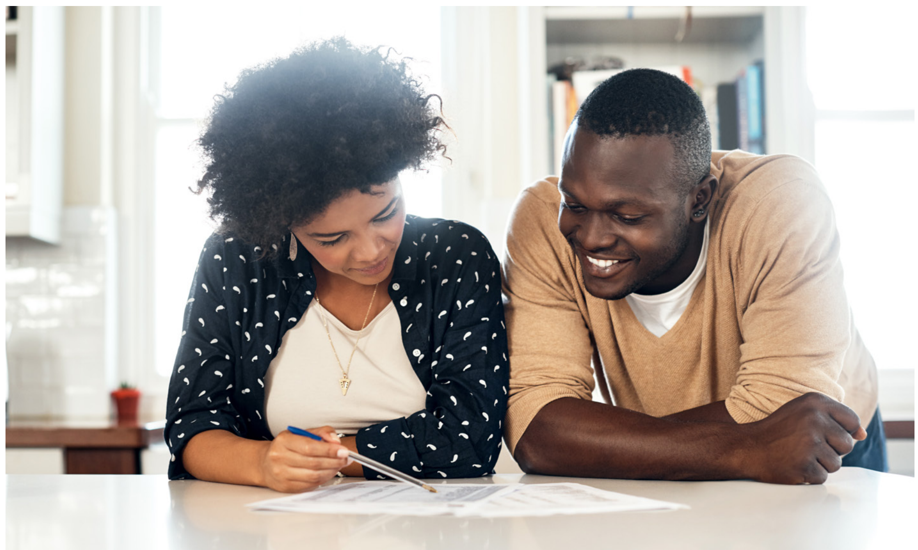


Issue 3, 2018

Because the time is now...

First and foremost: saving for retirement

If you're like most people, you have a very long to-do list. All the things you have to do to meet the needs of your family, job, and community are probably toward the top. But where on the list is your need to save for the future? If it's close to the bottom, chances are you aren't doing enough to plan for retirement.



Think of your future

You may have a lot of expenses now, but you'll also have expenses once you stop working. Without a regular paycheck, how will you pay your bills? Social Security benefits may be helpful, but you're going to need more than just Social Security to live comfortably after you retire. You're also going to need retirement savings. The more you're able to save now, the more you may have to live on during retirement.

It's easy to save

Your employer's retirement plan makes it convenient to save for retirement. The amount you decide to contribute to the plan is taken out of your paycheck and automatically deposited into your plan account for you. Instead of spending the money on something else, you're saving it for your future.

Put your money to work

When you save in your employer's retirement plan, you can make your paycheck contributions before taxes are taken out. You pay no income tax on your pretax contributions — or on your investment earnings — until you withdraw money from the plan.[1] This tax deferral can help your retirement savings grow by allowing you to keep all your contributions and earnings invested.

It's worth the effort

If money is tight, cut back on spending rather than your retirement savings. Look closely at your budget and track your current spending to see where you could easily make a few changes. For example, you may want to eat more meals at home, find a less expensive cable or cell phone provider, or put off big-ticket purchases and vacations. Doing without some things now will be well worth the effort if it means you won't have to do without during retirement.

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FA Name

Title

Address
City, State, Zip
email

Phone 1
Phone 2
Website

See how small savings can grow

Over time, regular contributions to your retirement savings plan can add up significantly.

Weekly Contribution Amount	Potential Value After 20 Years	Potential Value After 30 Years	Potential Value After 40 Years
$15	$30,033	$65,293	$129,447
$20	$40,044	$87,058	$172,596
$25	$50,054	$108,822	$215,745

This is a hypothetical example used for illustrative purposes only. It is not representative of any particular investment. It assumes a 6% average annual total return compounded monthly. Your investment results will be different. Tax-deferred amounts accumulated in the plan are taxable on withdrawal unless they represent qualified Roth distributions. Source: DST Systems, Inc.

Isn't it time you put your future first and make saving for retirement a financial priority?

Source/Disclaimer: [1]Some retirement plans also offer a Roth contribution option. Unlike pretax contributions, Roth contributions do not offer immediate tax savings. However, qualified Roth distributions are not subject to federal income taxes when all requirements are met.

Not your grandparents' retirement

Throw out those rocking chairs — retirement is changing! The goal of enjoying a comfortable retirement lifestyle is still the same. But the types of activities people plan to enjoy in retirement and the opportunities they plan to pursue are changing and expanding.

The new 65

Advances in medicine have played a major role in the changes, especially in terms of increased life expectancies. The average life expectancy for a baby born in the U.S. at the turn of the previous century was 47.3 years.1 Fifty years later, the life expectancy for newborns was 68.2 years. According to projections, babies born in 2014 can look forward to an average life expectancy of 78.9 years.2 That's an increase of over 66% in a little more than 100 years.

We're living longer

Average Number of Years of Life Remaining, 1989-2014			
	1989-1991	1999-2001	2014
30-year-old female	50.2	50.6	52.2
30-year-old male	44.1	45.9	48.0
45-year-old female	36.0	36.3	38.0
45-year-old male	30.7	32.1	34.2
60-year-old female	22.9	23.1	24.7
60-year-old male	18.5	19.7	21.7

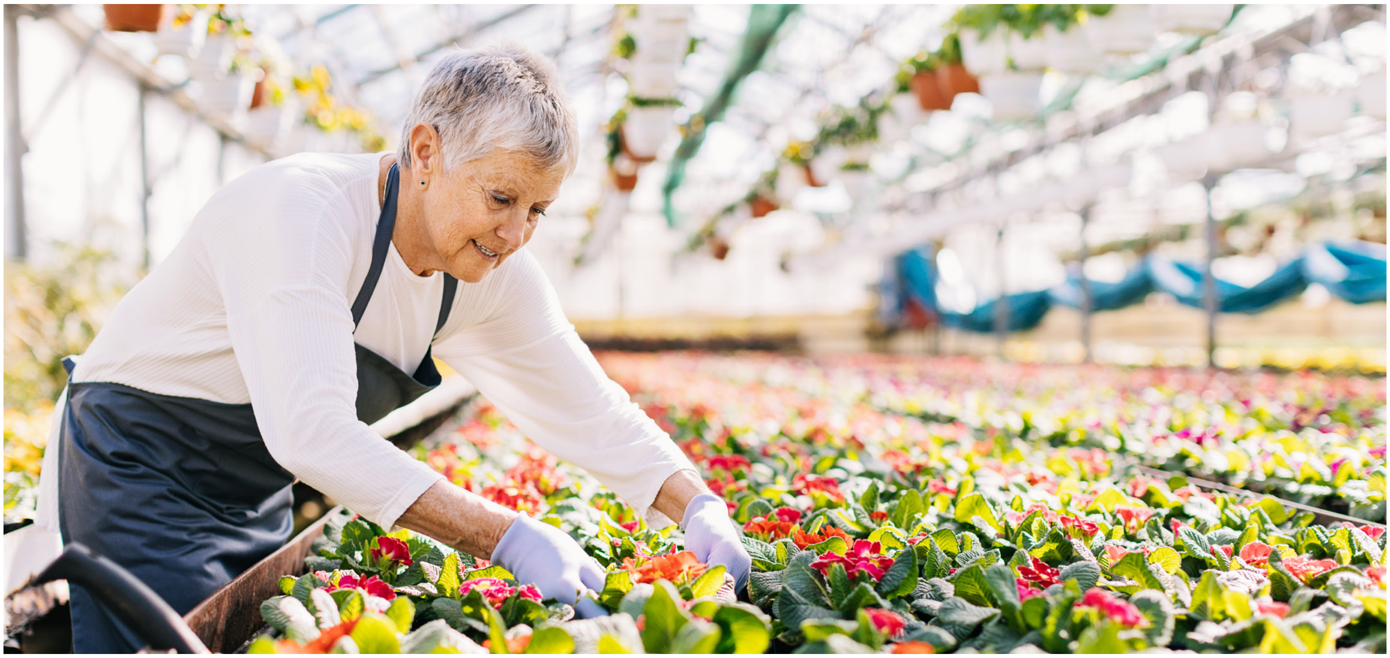
Source: The 2012 Statistical Abstract, U.S. Census Bureau, www.census.gov and Centers for Disease Control and Prevention, National Vital Statistics Reports, Vol. 66, No. 4, August 2017.

The old three-legged stool

More time to enjoy being retired is a big plus. However, a longer retirement means you'll need more money. Where will your income come from when you retire? Traditionally, financial professionals used the "three-legged stool" analogy to explain the most likely sources of a person's income in retirement. The legs were Social Security, pension benefits, and personal savings: three income sources working together to support your retirement.

Let's look at how well the three legs are holding up these days.

- **Social Security.** The Social Security system was designed to provide supplemental income only — not the bulk of a retiree's living expenses. At the beginning of 2017, the average monthly Social Security benefit amount was $1,360 ($16,320 per



- year),3 which is not enough to allow most people to live comfortably. As the chart shows, today's retirees receive only 33% of their income from Social Security. Plus, the future of the program is uncertain; benefit formulas and age requirements could change.
- **Pensions.** This is the leg that has changed the most. Traditionally, a pension is a steady monthly benefit paid to covered retirees who accrued vested benefits while employed. Pensions are much less common today. More and more employers are offering retirement savings plans instead. Retirement benefits under these plans are determined by the amount you have in your account.
- **Savings and investments.** Like many people, you will probably have to rely on your personal savings and investments, in addition to the balance in your employer's retirement savings plan, to supply a significant portion of your retirement income, especially if you won't receive traditional pension benefits.

Where Your Money Might Come From	
33%	Social Security
34%	Earnings
20%	Pensions
9%	Savings and investments
4%	Other

Source: Fast Facts and Figures About Social Security, 2017, Social Security Administration

A working retirement

Not everyone is ready to stop working at "normal retirement age." Some people plan to continue working so they can stay active, pursue new interests, continue to earn a full-time income, or simply make some extra money. However, if you have to work just to make ends meet once you reach retirement age, it could be a problem. There are many factors, such as your health and appropriate job opportunities, that you won't be able to control.

Do it now

Since you won't know everything about retirement until you get there, make the most of what you do know. Your employer's plan is an opportunity to save and invest for retirement. If you decide you can do more now for the future, make the changes soon.

Your situation is unique, so consider consulting a professional before taking action.

Source/Disclaimer:

[1]Centers for Disease Control and Prevention, National Vital Statistics Reports, www.cdc.gov.

[2]Centers for Disease Control and Prevention, National Vital Statistics Reports, Vol. 66, No. 4, August 2017.

[3]Social Security Administration, Fact Sheet: 2017 Social Security Changes.

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