



Retirement

PARTICIPANT'S GUIDE

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1. Estimate Longevity

At what age do you expect to retire? _____

How many years will your retirement last? _____

2. Analyze Income

What is your current income per year? _____

Using the rule of thumb, you will need to save at least:

70% of your income, so save _____ per year, or,

80% of your income, so save _____.

3. Estimate Total Cost

Estimated total cost of retirement: _____

Joan's Retirement Savings

Joan began a retirement account by investing \$100 in it. She contributes \$50 per month to the account, which earns 10% interest, compounded annually.

Which graph best describes how her money will grow over 40 years?

Chart A

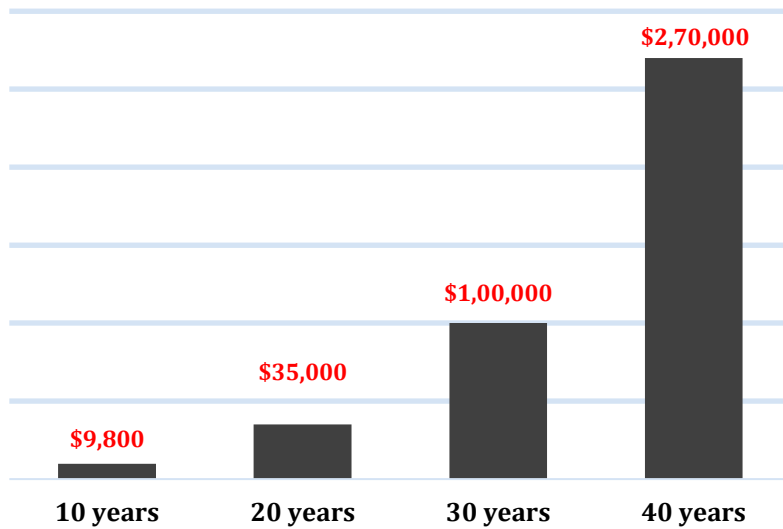
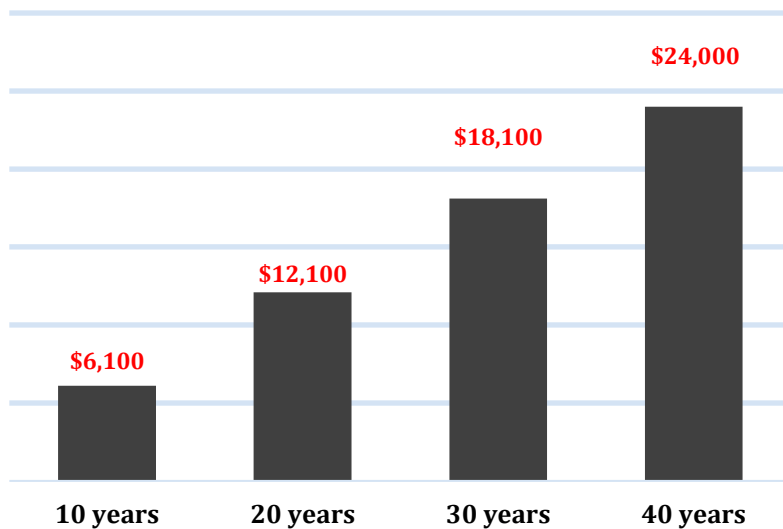


Chart B



Retirement Savings Plan

Develop a strategy to maximize your retirement income.

	I plan to do this	I already do this
Save Make it a habit to regularly set aside a little money for retirement. Try to save part of every paycheck for retirement, but if that is not possible, put some amount aside monthly or several times each year.	<input type="checkbox"/>	<input type="checkbox"/>
Invest Invest in assets that may increase in value over time. Diversify your investments to manage risk.	<input type="checkbox"/>	<input type="checkbox"/>

Types of Plans

Employer-based

- 401(k) plans allow you to contribute up to \$19,500 per year to a tax-deferred account. If you're over 50, that amount may go up by \$6,000 if you qualify. There may be a 10% penalty for early withdrawal.
- 403(b) plans are limited to employees at tax-exempt organizations. These plans allow you to contribute up to \$19,500 per year to a tax-deferred account. If you're over 50, that amount may go up by \$6,500 if you qualify. There may be a 10% penalty for early withdrawal.
- Defined benefit plans, or pensions, are less common, but these plans provide a certain amount of income in retirement—usually based on your earnings.

Traditional IRAs

- Traditional IRAs allow you to save up to \$6,000 per year tax free, as long as you are earning a taxable income. If you are age 50 or older, your contributions can be as high as \$7,000. The money you withdraw is taxable.

Roth IRAs

- Roth IRAs allow you to save up to \$6,000 of after-tax income as long as you are earning. If you are age 50 or older, your contributions can be as high as \$7,000. These savings are tax free when you withdraw from them. If you withdraw early, you may pay penalties.

Compare Plans

	401(k)¹ & 403(b)²	Traditional IRAs³	Roth IRAs³
	<i>Employer-sponsored Retirement Plan</i>	<i>Individual Retirement Plan</i>	<i>Individual Retirement Plan</i>
Contributions			
Rules	Limit to amount you can contribute each year. Employer may match employee contributions.	Limit to amount you can contribute each year.	Limit to amount you can contribute each year.
Tax Treatment	Contributions may or may not be taxed (depending on options in plan and employee selection).	Contributions may be tax deductible, depending on your modified adjusted gross income and whether you are covered by a retirement plan at work.	Contributions are not tax deductible.
Withdrawals & Distributions⁴			
Rules	Depending on the details of the account, rules for distributions and withdrawals will vary (penalties may apply for distribution before age 59½). You may be able to keep or roll over your account when you change employers.	Early withdrawal penalty if you are under 59½; exceptions may apply. Minimum annual distributions required once you reach 72.	Potential penalties for nonqualified withdrawals. No mandatory annual distributions.
Tax Treatment	Withdrawals may or may not be taxed (depending on options in plan and employee selection).	Withdrawal of contributions and earnings are taxed at ordinary income tax rate at time of withdrawal.	Withdrawal of contributions are never taxed. Earnings are not taxed, provided you are at least age 59½ and have had the account at least five years.

¹ <https://www.irs.gov/retirement-plans/401k-plans-deferrals-and-matching-when-compensation-exceeds-the-annual-limit>

² <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-403b-contribution-limits>

³ <https://www.irs.gov/retirement-plans/traditional-and-roth-iras>

⁴ <https://www.irs.gov/pub/irs-pdf/p575.pdf>

Which Plan Is Right for Me?

Choosing a retirement plan that works best for you can be challenging. However, there are a few factors to consider when comparing plans.

	I know this	I need to learn more
Matching Contributions Does my employer match my contributions?	<input type="checkbox"/>	<input type="checkbox"/>
Fees Are there fees associated with the plan?	<input type="checkbox"/>	<input type="checkbox"/>
Withdrawal Limits Can I withdraw early in case of an emergency?	<input type="checkbox"/>	<input type="checkbox"/>
Tax Status Are withdrawals taxed when I deposit or when I withdraw?	<input type="checkbox"/>	<input type="checkbox"/>
Tax Bracket Will I be in a higher or lower tax bracket at retirement?	<input type="checkbox"/>	<input type="checkbox"/>
Plan Purpose Am I saving for myself or to leave a legacy?	<input type="checkbox"/>	<input type="checkbox"/>

Put Your Plan Into Action

	I know or already do this	I will do this
Set Your Goals		
Decide when you want, or will be able, to retire.	<input type="checkbox"/>	<input type="checkbox"/>
Determine how much money you will need.	<input type="checkbox"/>	<input type="checkbox"/>
Set goals with deadlines and create reminders.	<input type="checkbox"/>	<input type="checkbox"/>
Develop Your Strategy		
Open a retirement account(s).	<input type="checkbox"/>	<input type="checkbox"/>
Start investing.	<input type="checkbox"/>	<input type="checkbox"/>
Implement Your Plan		
Set up automatic savings.	<input type="checkbox"/>	<input type="checkbox"/>
Make regular contributions.	<input type="checkbox"/>	<input type="checkbox"/>
Review my plan every year.	<input type="checkbox"/>	<input type="checkbox"/>
Reflection		
<p>Think about your future self. Who do you want to be? In the future, I will have enough retirement savings to:</p> <ul style="list-style-type: none"> • Pay off my mortgage. • Travel. • Spend time with my family. • Give to charity. • Take care of my health. • Be independent. <ul style="list-style-type: none"> • _____ • _____ • _____ • _____ • _____ • _____ • _____ 		