



DayPak & FlexPak's

# Participant Portal

*From the Profit Sharing/401(k) Council of America (www.pasca.org)*

## Take Control! How to Save **NOW** for Retirement

It's never too early - and never too late to start saving and investing successfully for your retirement through employer-sponsored profit-sharing/401(k) plans. With careful thought and wise investment you can guarantee that your retirement years truly will be golden.

But there's only one way to be in charge of your own financial destiny:

**Take control and start saving now!**

### You can take control

Whether your retirement is 40 years away or on the horizon, today is the day to take stock of your savings situation and take charge. Experts estimate that many Americans will spend nearly one third of their lives in retirement. To make sure that your retirement is the golden time it's meant to be, start planning now.

Just putting money aside isn't enough. It's important to invest your savings to win the race against inflation. And the sooner you start, the longer your money will be able to grow.

Saving and investing isn't as hard as you might think. This brochure will give you the basic information you need to take control and start saving successfully for your future.

### A good place to start

Take advantage of plans offered by your employer. Many companies offer profit-sharing and 401(k) plans. In fact, more than 50 million Americans are currently participating in profit-sharing or 401(k) plans - or both. Use these plans to your

best advantage. If your employer doesn't offer one, ask it to start one.

### You can afford it

Saving adequately for retirement while dealing with day-to-day expenses may seem to be an impossible task. But guaranteeing your financial future can be as simple as passing up that daily cup of gourmet coffee, or eating in one more day a week. If you invest the money wisely in a 401(k) instead, that \$2.75 or so a day can grow to a million dollars in 40 years.

### Are you IN CONTROL of your financial future?

Ask yourself the following questions to see whether you're in control of your retirement savings:

- Have you started saving for retirement?
- Do you know how much money you'll need in retirement?
- Are you saving enough to reach that goal?
- Are you taking full advantage of employer-sponsored programs like profit-sharing and 401(k) plans?
- Are you saving pre-tax dollars?
- Do you control where your retirement savings are invested?
- Do you know where to get more retirement savings information?

If you answered "no" or "unsure" to any of these questions, keep reading - the answers follow...

### Controlling factors

Three factors greatly affect the amount of money you'll have when you retire:

Time is one of the biggest advantages you have when investing your retirement savings. Saving and investing early gives your money a chance to grow.

How much you and your employer contribute to your employer-sponsored retirement plan, or how much you save on your own, determines how much money is available to grow.

The rate of return you receive on your investments determines how quickly your money will grow. A high rate of return means that you're making a lot of money from your investments.

### 10 steps to smart saving

#### 1. Take Control

Only you can ensure that you'll have enough money saved for your retirement. Your best bet for taking control includes profit-sharing and 401(k) plans.

#### 2. Know What You'll Need

Experts estimate that you'll need at least 70% of your pre-retirement income to maintain the same standard of living once you stop working.

#### 3. Start Now

Time is on your side. The sooner you start, the longer your money has to grow. It's never too early to start saving for a secure retirement.



#### 4. *Participate in Plans*

Employer-sponsored plans like profit-sharing and 401(k) plans are convenient, easy to use and are among the best retirement savings deals out there.

#### 5. *Contribute to the Max*

The more money you put in a 401(k) plan, the more you'll get out - especially since many companies match part or all of their employees' retirement contributions.

#### 6. *Invest Pre-Tax*

Saving pre-tax gives you more money to invest. Because taxes take a large bite out of each dollar you earn, you have to save more after-tax dollars to get the same impact as pre-tax saving. PLUS, saving pre-tax lowers your taxable income, which means that you'll pay less to the IRS on April 15.

#### 7. *Pay Yourself First*

Out of sight, out of mind. You won't miss the money you're saving if it's deposited straight into your 401(k) plan or other retirement account.

#### 8. *Keep Your Hands Off*

Don't touch your retirement savings. You'll not only avoid tax penalties for using the money early, you'll also give your investments more time to grow.

#### 9. *Look Long-Term*

"Low-risk" investments usually mean low returns and may put your retirement finances in danger down the line. For successful saving, choose investments that will beat inflation over the long haul.

#### 10. *Be Flexible*

As the years go by, life changes. So should your retirement savings strategy. Review it annually to ensure it still meets your needs as retirement approaches.

#### **Putting it all together**

Here's an example of what can happen when you start to save now, invest wisely and take control of your retirement future.

Consider Jamie. She's 25, makes \$20,000 a year, and just began participating in her company's 401(k) program. If Jamie elects to save 10% of her salary - \$167 a month - in the plan, she could retire at age 65 with \$1 million in savings.

*Here's how:*

Jamie's company matches the first 3% of all employees' 401(k) contributions dollar for dollar. That brings her total savings to \$217 a month in that first year. Each year after that - for the next 40 years until her retirement at age 65 - Jamie receives a 4% raise in salary. She continues to put a full 10% of her salary into savings, and her company continues to match the first 3%.

When she changes jobs throughout her career, Jamie looks for employers with 401(k) plans that will make the same contribution to her account and she rolls over her entire account balance from plan to plan. By selecting a sound investment mix throughout the 40 years until retirement, Jamie receives an average of 8% return on her savings.

At age 65, Jamie retires with more than \$1 million.

#### **Are you on track?**

Do you know how much you'll have when you retire? Experts estimate that you'll need at least 70% of your pre-retirement income.

Also remember to check on other sources of retirement income. If your employer offers a pension plan, ask for an estimate of your benefits. Call the Social Security Administration at 800-772-1213 for a free estimate of your Social Security benefits.

#### **Resources**

Where to get more information on retirement savings:

*Your employer.* Ask your benefits director for additional information about your company's retirement plans.

*Your bank, insurance company or mutual fund provider.* Ask for more information about how they can help you save and invest for retirement.

*The library.* Your local library has books by financial experts about how to save for retirement. There are many books written for the average American investor. Also, the library's periodicals section has magazines and newsletters about saving and investing -- you can subscribe to the ones you find most useful.

*Financial planners.* The Institute of Certified Financial Planners (800-282-PLAN) offers consumers several brochures and for retirement planning. In addition, they can refer you to a Certified Financial Planner in your area.

*In investor associations.* The National Association of Investors Corporations (810-583-6242) and the American Association of Individual Investors (800-428-2244) are a non for-profit organizations that offer financial advice and to individual investors.