

# Your 401(k) - Why Participate?

Your employer offers a company 401(k), find out what that means to you and what you should do to take advantage of this opportunity.



## WHAT IS A 401(k)?

A 401(k) Plan is a retirement account that you can add to (or contribute to) directly from your paycheck! How easy is that?! You fill out paperwork (your HR director can help you if you need it) telling them how much you'd like them to take out each paycheck and they deposit it for you into your personal retirement account.



Some employers even offer to "match" your money. For instance, if you put in 4% of your income, they will give you 2% of your income as a match, so you only save 4%, but a total of 6% is deposited. Yes, free money and all you have to do to get it is save for yourself. Something you need to do anyway. We all will need to retire someday.

"But I'm not even close to retiring" you say, "shouldn't I worry about that when I am closer?" I'm glad you asked! Keep reading and you will find out just how much waiting can cost you.

**Compound interest is the eighth world wonder. Those who understand it, earn it. Those who don't, pay it.**  
- Albert Einstein

Alice, age 25, started contributing to her 401(k) as soon as she was eligible, and saves \$5,000 a year.

Robert put off thinking about retirement until age 35, and he has much less at retirement even though he invests the same amount each year as Alice. If you put off saving for retirement you will have to invest much more to make up for lost time.

Now imagine Alice's employer offered a company match all those years!

Starting is the key, even if it is a small amount each paycheck, over time it will pay off to save.

The sooner you start, the more money you will have to retire on.



Investment - \$5,000	Compound interest over time (8% interest)	
	Alice starts at age 25	Robert starts at age 35
Year 1	\$5,400	\$0
Year 2	\$11,232	\$0
Year 3	\$17,531	\$0
Year 4	\$24,333	\$0
Year 5	\$31,680	\$0
Year 6	\$39,614	\$0
Year 7	\$48,183	\$0
Year 8	\$57,438	\$0
Year 9	\$67,433	\$0
Year 10	\$78,227	\$0
Year 11	\$89,886	\$5,400
Year 15	\$146,621	\$31,680
Year 20	\$247,115	\$78,227
Year 25	\$394,772	\$146,621
Year 30	\$611,729	\$247,115
Year 35	\$930,511	\$394,772
Year 40	\$1,398,905	\$611,729

## What do I have to do?

GET STARTED TODAY BY FILLING OUT YOUR ENROLLMENT PAPERWORK!

- Decide how much you can save (or defer) each paycheck - usually a percentage or dollar amount.

Decide who will get the money in case anything happens to you. (This person will be called your "beneficiary" or "beneficiaries" if it is more than one person.)

- Turn in your paperwork to your HR Director. Your HR director can help you fill out your paperwork and answer any questions you have about the plan.

