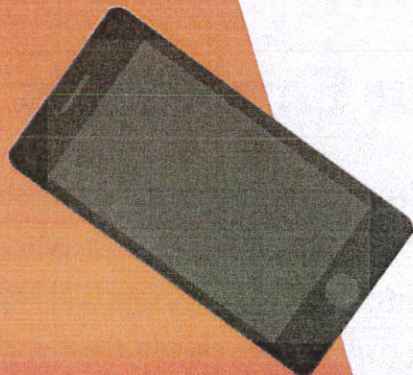




ADULTING 101


UNDERSTANDING
RETIREMENT



Understanding Retirement: What You Need to Know

Start Saving Early

Starting to save for retirement in your twenties gives your money the longest possible amount of time to grow. The more you save, the more interest your investments will generate. When that interest is added to the principal, your savings will increase exponentially. Focusing on time value of money will help see a difference in your retirement savings. See the difference below in starting to save at age 22 vs age 31.



What a Difference a Few Years Make

	Olivia's IRA	Jorge's IRA
Interest Rate	9%	9%
Number of years contributions were made	9 years (age 22 to age 31)	34 years (age 31 to age 65)
Amount contributed	\$1,000 per year For 9 years = \$9,000	\$1,000 per year For 34 years = \$34,000
Value of IRA at age 65	\$13,021 at age 31; this lump sum then compounds. At age 65 equals: \$243,863	 At age 65 equals: \$196,982

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Look Into Your Employer's "Match" Program

Many employers offer "matching contributions" to retirement savings for employees. For instance, if an employee is willing to contribute 5% of their salary to their retirement fund, employers will match that amount by also contributing 5%. This a great way to start saving early!

Set Up Automatic Withholding

You can have money directly withheld from your paycheck and deposited into your retirement fund. This way you never have the chance to spend it, and are very easily contributing to your retirement fund!

401k

A 401k is a retirement savings plan sponsored by the employer. It lets workers save and invest a piece of their paycheck before taxes are taken out. Taxes aren't paid until the money is withdrawn from the account. Employees can save on their own, while many companies will also contribute a certain percentage of your paycheck or match what the employee puts in their 401k. There are limits to the maximum amount of compensation that an employee can defer to a 401k plan (\$18,000 in 2017). If you leave a job, you can roll over your account into a new employer's 401k in most cases.

