RETIREMENT

Centier

TOP 5 TIPS

1 Start Your Retirement Journey

What is a Contribution?

This refers to any amount of money directed into a retirement plan. Depending on the type of plan, contributions can be taken pre-tax or post-tax, and taxpayers can set aside their money into a variety of different accounts. Regardless of the type of account, your contributions are invested in some way, which you may be able to direct based on the information provided in your plan.

Compounding Interest - How Does it Work?

Compounding interest bases your retirement account gains on your initial investment and all previously accumulated interest.

**Refer to the hypothetical table below to see the difference between monthly saves and interest earned*

Monthly Savings	Growth in ***5 Years*** at Average 8% Interest Yield	Growth in ***10 Years*** at Average 8% Interest Yield	Growth in ***20 Years*** at Average 8% Interest Yield
$50	$3,593.43	$8,799.88	$27,690.23
$200	$14,373.71	$35,199.53	$110,760.91
$500	$35,934.27	$87,998.84	$276,902.26

This example is hypothetical and does not represent the performance of a particular investment. Your results will vary. Actual investing includes fees and other expenses that may result in lower returns than this hypothetical example. Centier Bank is not responsible for any errors or omissions.

** Source: https://www.centier.com/interactive/centier-to-you-retirement/content/index.html#/*
Table generated using calculator at https://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator

Over 50? Learn about Catch-Up Contributions[1]:

Individuals who are age 50 or over at the end of the calendar year can make annual catch-up contributions.

Annual catch-up contributions up to $7,500 in 2023 and 2024 may be permitted by these plans[1]:

- **401(k) (other than a SIMPLE 401(k))**
- **403(b)**
- **SARSEP**
- **governmental 457(b)**

To learn more about Catch Contributions, please visit:
www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions

1 Source: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions

2 Make Your Personal Plan

An IRA is an INDIVIDUAL Retirement Plan[2] – which means, it should be specific to you. Here are a few things you can do to start your own Plan:

- ▶ Use online retirement calculators
- ▶ Determine your estimated Social Security income using www.ssa.gov
- ▶ Meet with a Financial Advisor

2 Source: https://www.irs.gov/retirement-plans/individual-retirement-arrangements-iras

- Determine if you want a Traditional IRA or Roth IRA
- You can set up an IRA with a:
  - Bank or other Financial Institution
  - Life Insurance Company
  - Mutual Fund
  - Stockbroker

To learn more about IRA's, please visit:
www.irs.gov/retirement-plans/individual-retirement-arrangements-iras

3

How Do I Save Enough?

Join your employer's retirement plan

- It is the easiest way to contribute. Employers offer an auto deduction from your paycheck. With a qualified plan, the contribution is taken from your paycheck before taxes so your net check is not affected dollar for dollar – it depends on your tax bracket and exemption elections. We call it ***"Pay Yourself First[3]"*** *(see chart)*

Increase your contribution over time

- Try increasing your payroll deduction by 1% every quarter until you reach the maximum contribution amount.
- By increasing your contributions gradually, you may notice only a slight difference in your paycheck. But with compounding, each additional 1% could be worth far more in the long run.

If your employer doesn't offer a plan, meet with your Personal Banker or an Investment Advisor to set up an Individual Retirement Account.

Example: Pay Yourself First[3]

Variables	No contribution to the Plan	6% pre-tax Plan contribution
Monthly Earnings ($20,000 salary)^	$1,667	$1,667
Plan Contribution	$0	$100
Taxable Income	$1,667	$1,567
Tax^	$250	$235
Take-home Pay	$1,417	$1,332
You saved $100 in your Plan but your take-home pay was impacted only $85. ^Assumes $20,000 annual salary, married with 2 dependents, and marginal tax rate of 15%		

3 Source: Principal.com (data amounts changed from original chart example)

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Review Your Accounts Regularly

Review your account and use the tools and resources available on your provider's website

Example: Sample Contribution Amounts[4]

Your Gross Weekly Pay:	$300.00	$400.00	$500.00	$600.00
3% weekly contribution:	$9.00	$12.00	$15.00	$18.00
Amount after 52 weeks:	$468.00	$624.00	$780.00	$936.00
5% weekly contribution:	$15.00	$20.00	$25.00	$30.00
Amount after 52 weeks:	$780.00	$1040.00	$1300.00	$1560.00
10% weekly contribution:	$30.00	$40.00	$50.00	$60.00
Amount after 52 weeks:	$1560.00	$2080.00	$2600.00	$3120.00
15% weekly contribution:	$45.00	$60.00	$75.00	$90.00
Amount after 52 weeks:	$2340.00	$3120.00	$3900.00	$4680.00

4 Source: Centier Bank Financial Literacy Document

- **Be sure to keep the information in your plan current, such as your contact information and beneficiary information.**
- **If you leave employment, find out the options you have with your retirement plan balances.**
- **Best Practice = Meet with your Personal Banker on a regular basis for a financial checkup.**

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Common Questions (Q & A)

Question	Answer
If I have retirement accounts at a previous employer, can I combine them into one retirement account?	*Yes, you can move the funds into one account as a rollover. You must complete paperwork to request the transfer. Provided the funds deposit into another qualifying retirement plan within 60-days, you can avoid early withdraw penalties and taxation.*
What is the benefit of joining my employer's retirement plan?	*You can reduce your current income taxes and set aside money for your retirement. Contributions are automatically deducted from your paycheck by your employer, before tax. This can reduce the amount of income tax you pay each pay period.*
What is "vesting"?	*Some employers offer to contribute to the employees plan. That is called the "employer match". Vesting refers to the gradual granting of ownership of contributions made by your employer. Ask your HR team for your employers vesting requirements.*
When can I withdraw from my Retirement plan?	*Retirement plans are intended to be long term investments. As a result, many plans allow withdrawals when you reach 59 1/2 yrs. Please consult your plan administrator for the specific rules governing withdrawal options in your plan. If you withdraw prior to that age, you will be subject to ordinary income tax and possibly charged a 10% IRS penalty. Some plans have an option for loans. These may be a short-term option but remember, you are borrowing funds that could be earning you more money!*