RETIREMENT

TOP 5 TIPS

1 Make the Decision to Start

- **The top mistakes for Retirement Planning made by employees are:**
  - Not saving enough or waiting too long to begin saving for retirement
  - Not having a personal plan (specific to their own needs)
  - Not making the most of tax-advantaged accounts

- **It's never too early to start saving!**
  - The earlier you start, the more your retirement savings will have the potential to grow. By investing early, and staying invested, you may be able to take advantage of compound earnings. This concept is called "Make Money on Your Money"- the money you earn from your investments are reinvested into your account for the opportunity to earn even more.

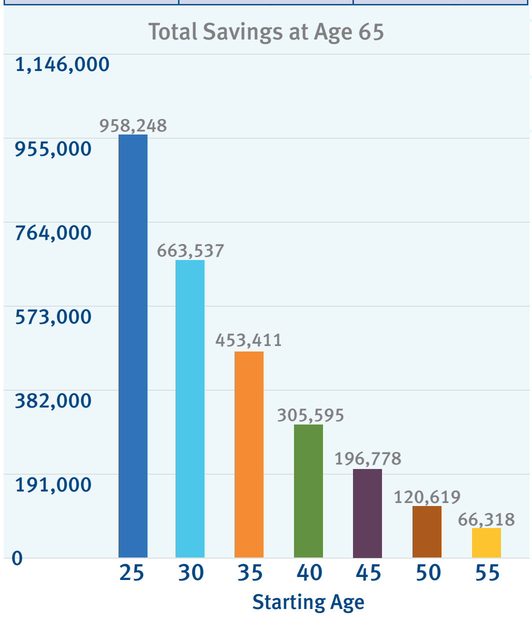
- **Waiting can have a major impact on your retirement**
  - For example, suppose you have a current salary of $30,000, receive 4% annual raises, and plan to retire in 30 years. You put 4% of your salary into a retirement plan each year and earn an 8% annual return.
    - If you started investing today, you'd have $220,944 when you retire
    - If you waited 5 years before investing, you would have $164,878 (assuming the same retirement date, salary, raises, savings rate and return)
    - In this case, waiting five years would cost you $56,066

- **Over 50? 2018 Catch-Up Contributions*:**
  - 2018 Change: The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan has increased from $18,000 to $18,500[1]
  - The limit on annual contributions to an IRA remains unchanged at $5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains $1,000[2]
  - The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan remains unchanged at $6,000[3]

  **The IRA contribution limit does not apply to rollover contributions.*

Start Saving Early and Regularly

Monthly Save	Annual Return%	Retirement Age
$400	7%	65



Bar Graph Source: Mobile App - EZ Calculators (user inputs data)

1 & 3 Source: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-catch-up-contributions
2 Source: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits

2 Make Your Personal Plan

An IRA is an INDIVIDUAL Retirement Plan – 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

- According to the Social Security Administration, Social Security benefits make up about 38% of the income of retired individuals.[4] That means we need to save for the remaining 62% ourselves!
- The average monthly income in 2017 from Social Security was $1,325 per month.[5] That is an annual income of $15,900/year from Social Security benefits. That means we need to save an additional $41,842 each year. Multiply that by 20 years of retirement = $836,840

4 Source: www.ssa.gov
5 Source: https://www.aol.com/article/finance/2016/11/27/how-big-will-the-average-americans-social-security-check-be-in/21615234/

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".
- **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 slight a 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

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 $20,00 annual salary, married with 2 dependents, and marginal tax rate of 15%

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

4 Review Your Accounts Regularly

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

Example: Sample Contribution Amounts

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

Source: Centier Bank Financial Literacy Document

- ✓ Be sure to keep the information in your plan current, such as your contact information and beneficiary information.
- ✓ Complete a new risk assessment questionnaire every few years ... as we age, things change.
- ✓ If you leave employment, find out the options you have with your retirement plan balances. DO NOT JUST TAKE THE MONEY OUT AND GIVE IT AWAY IN TAXES!
- ✓ Participate in webinars about various financial topics- empower yourself with knowledge!
- ✓ Best Practice = Meet with your Personal Banker on a regular basis for a financial checkup.

5 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, withdrawals are allowed when you reach 59½ yrs. 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!

This information should not be consider legal, tax or investment advice. Seek out professionals for specific advice regarding your situation. Securities and Insurance Products are: Not FDIC insured. May lose value. No bank guarantee. Not a deposit. Not insured by any federal or state government agency.