



Q1 2017

## Participant Focus

# Why Should I Participate in my Company's 401(k)?

Your company 401(k) plan is one of the most powerful tools you can use to save for your retirement. Here are some of the benefits:

**Reduces your taxable income.**

The first benefit is that your pre-tax contributions to a 401(k) are not taxed as current income. They come right off the top of your pay, before any taxes—state or federal—are withheld. This reduces your taxable income which, in turn, lowers your current tax rate.

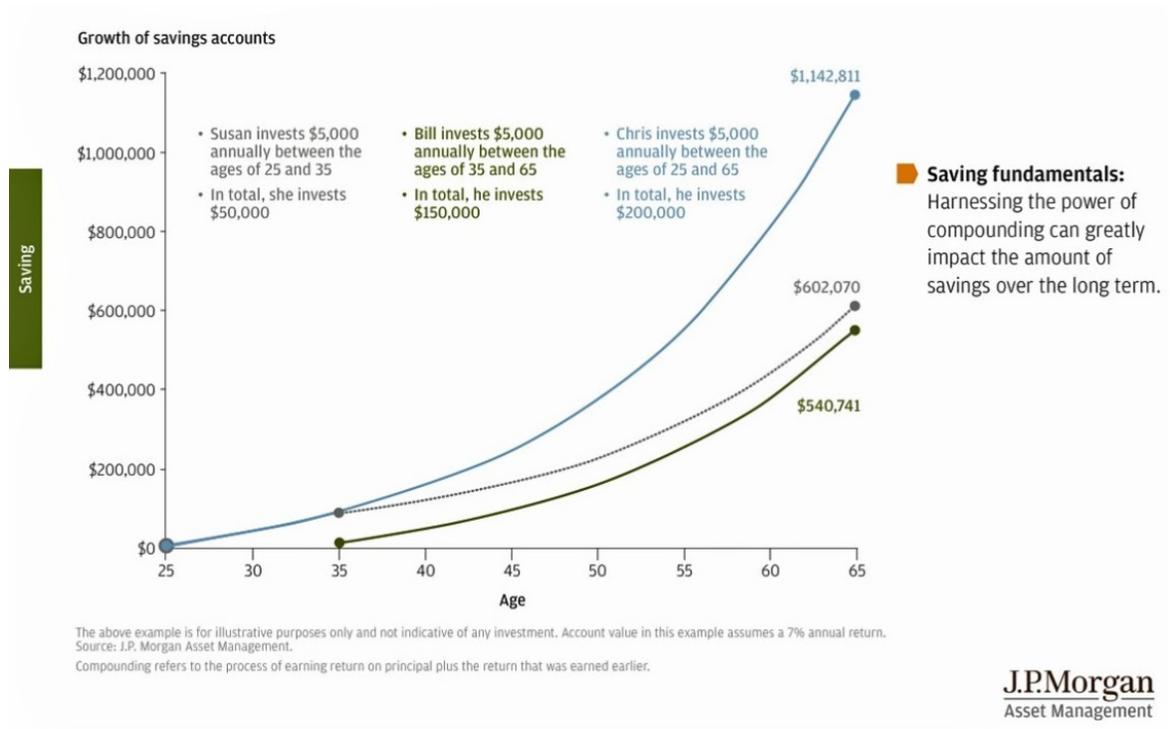
**Savings in the 401(k) plan accumulate tax deferred.**

The investment earnings in the plan are not taxed as long as they remain inside the plan. You'll only pay taxes when you withdraw from the plan—for example, in retirement. As the charts below illustrate, the sooner you start contributing to your company 401(k) plan—at any amount you choose—the greater your potential for maximizing this benefit in the long run.

The sooner you start investing, the better!



Source: soundmindinvesting.com



**Company match.**

Hopefully, your employer has a company match. Employer contributions are also pre-tax, and once vested, are basically free money, of which you should take full advantage. If you don't contribute to the plan, and receive no match, you are actually walking away from free money that your employer is trying to give you.

**A convenient and reliable way to save.**

Your company 401(k) plan is both a convenient and reliable way to save for retirement. You alone will decide how much of your salary to contribute. Deferrals are automatically deducted from your paycheck. Because the money never passes through your hands, there's no temptation to spend it, or skip a contribution. Before you know it, you have savings—each and every year.

**Recap.**

Saving in your company 401(k) plan is an easy, powerful tool to help you achieve your retirement goals.

- Reduces current taxes (state and federal)
- Savings accumulate tax deferred
- Company match = free money
- Payroll deduction is fast, easy, and direct—allowing you to save.

As always, please feel free to call or email me with any questions or concerns you may have about your 401(k).

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Please review your current asset allocation to make sure it is invested in the areas you feel best meet your needs and risk profile.

For help in reviewing your asset allocation and retirement planning, please contact me.