Brighten *your* outlook.

Retirement Savings Plan **BASICS**

Learn about the benefits of a retirement savings plan.

Your retirement savings plan can help you prepare for your retirement.

Just how much money are you going to need to maintain your current lifestyle throughout retirement?

While each participant is different, a good rule of thumb is to assume you'll need at least 80% of your final year's wages for each year you are retired.

The power of starting early

Start saving as early as you can! The chart below shows you how much retirement income will vary depending on whether the participant started contributing at age 25 or age 45.

Monthly Income	Monthly Contributions	Preretirement* Accumulation at Age 65		Post-retirement** Monthly Income Beginning at Age 65	
		Beginning at Age 25	Beginning at Age 45	Based on Age 25	Based on Age 45
$2,083	$125	$258,864	$58,918	$1,606	$365
$3,333	$200	$414,183	$94,269	$2,569	$585

**Preretirement example assumes a 6.3% rate of average annual return. **Post-retirement example calculations assume a constant 5.75% rate of annual return on unused account balances during retirement, and an exhausted account balance at the end of retirement. It is unlikely that any investments would have such consistent returns. The example does not reflect the return of any specific investment and is not intended to imply or guarantee future results. Retirement income is based on 25 years certain, age 65 through age 90.*

Saving for retirement

How can I ever afford to retire? The answer may be simpler than you think. Contributing at least 10% to your employer-sponsored retirement savings plan may give you key tax advantages and the power of compound interest to help you reach your retirement goal.[1]

How a retirement savings plan works for you

Retirement savings plans let employees save for retirement on a tax-deferred basis by having contributions to their employer-sponsored plan deducted directly from their pay before taxes. Although you don't typically pay taxes up front on the contributions you make to your retirement savings plan, the taxes are generally due when you withdraw your savings.

As a plan participant, your contributions are deducted from every paycheck before taxes. This means you typically only pay federal income taxes on the amount of your income remaining after your retirement savings contributions have been deducted by your employer. This reduces your overall taxable income, which may reduce your federal income taxes.[1]

Reduction in paid income taxes[1,2]

	Employee 1 Not Contributing	Employee 2 Contributing
Annual Salary (Gross Income)	$35,000	$35,000
Plan Contributions (3% deferral)	$0	$1,050
Gross Income Less Plan Contributions	$35,000	$33,950
Federal Income Tax[3] ($437.50 plus 15% of amount over $10,425)	-$4,124	-$3,966
Summary Total Retirement Savings Total Reduction in Paid Income Tax	 $0 $0	 $1,050 $158

This chart is for illustrative purposes only, and your circumstances may differ from this example.

With a retirement savings plan you may pay less in taxes and may have more to spend each year!

Your contributions are placed into the investment choices[4] that you select and accumulate on a tax-deferred basis until they are withdrawn.

Making catch-up contributions

If you are an employee aged 50 or over, you may be able to make additional "catch-up" contributions each year through an employer-sponsored plan. Making the maximum catch-up contribution every year could add significantly to your retirement nest egg.

The Saver's Credit

The Saver's Credit is a federal government incentive to help you save for retirement. If you make eligible contributions to a retirement savings plan, you may be allowed to take this credit. The amount of the credit is determined by your filing status, your adjusted gross income, and your retirement contributions. This tax credit is only useful to tax filers who owe federal income tax, since no refund of excess credit is allowed.

To qualify for the Saver's Credit you must meet these requirements:[1]

- You are age 18 or older.
- You are not a full-time student.
- You cannot be claimed as a dependent on another person's tax return.
- Your adjusted gross income is at or below levels that are set by the Internal Revenue Service (IRS).*
- You made eligible contributions to a qualified retirement plan, such as a 401(k) plan or an IRA.

*Visit **www.TA-Retirement.com** for up-to-date contribution limits.

Accessing your retirement savings

Your retirement savings availability

The money deducted from your salary to contribute to your retirement savings account may be available for withdrawal,* or you can leave it in the account and allow your nest egg to grow.[1] If your employer makes matching contributions to your retirement savings account, these matching funds may be subject to a vesting schedule. This means that ownership of the matching contributions becomes yours over time with continued service to your employer.

Borrowing against your retirement savings plan

Your plan may allow you to borrow from your account.*

Like a bank loan, the IRS requires that you pay interest on the money you borrow. However, the interest is credited back to your account—you pay it to yourself. Repayment of a loan may be deducted from your paycheck, making it easy to manage. If your plan allows loans, and you are otherwise eligible to take a loan from your plan, you should consult your financial planner or other qualified professional to determine if a loan is right for you.

*Subject to legal and plan restrictions. See your employer for more details.

Making a hardship withdrawal

Your retirement savings plan may enable you to access your account should you experience a personal hardship.* You must have exhausted all other sources of money, including taking a loan from your retirement savings account first. Some reasons for a hardship withdrawal may also apply to immediate family members or primary beneficiaries, so check with your employer, or visit the IRS website (**irs.gov**) for current rules and restrictions.

The hardship must be a qualified "immediate and heavy financial need," such as one of the following:

- Excessive medical expenses
- Purchase of a principal residence
- Prevention of eviction or foreclosure
- College tuition
- To repair damage to a principal residence due to casualty loss
- Funeral expenses

Before making a hardship withdrawal, check with your employer and keep in mind the stringent IRS rules about this type of withdrawal. Still, this option may be available to you.

A hardship withdrawal is a distribution, so taxes are typically due in the year of receipt, and if you're under age 59½, a 10% IRS penalty may also apply.

As with loans, hardship withdrawals should not be taken lightly. Saving for retirement requires a long-term commitment, and the IRS does impose some restrictions in exchange for tax advantages.

*Subject to legal and plan restrictions. See your employer for more details.

What happens if I change employers or retire?

Wondering what happens when you leave your employer—for retirement or for any other reason?

You have several options:

- Roll your retirement savings over into your new employer's plan, if your new employer's plan permits rollover contributions.
- Roll it over to an Individual Retirement Account (IRA).
- Leave your retirement savings with your old employer's plan (subject to certain restrictions).
- Take it out in a lump sum distribution.

If you transfer your retirement savings into a new employer's plan or into an IRA, you may be able to avoid any immediate taxation or tax penalties, and maintain control and flexibility over your savings.[1]

Another option may be to leave your retirement savings with your old employer's plan. This might be the easiest choice, but it is subject to certain limitations.

Or, you might decide to take a lump sum distribution of your account funds, but keep in mind that income taxes are typically due on this amount.

Just remember, starting to contribute as early as you can may be the best way for you to maximize your retirement savings and your peace of mind. Consider contributing at least 10% to help you to reach your retirement goals.

Transamerica Retirement Solutions and its affiliates have been helping individuals like you save for retirement for more than 75 years. We'd like to help make your retirement planning as successful as possible.

To learn more, visit us at
www.TA-Retirement.com
or contact your
Human Resources representative.

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[2] The example in this chart was created using the following assumptions: (a) current gross annual pay is $35,000; (b) files as head of household; (c) has no other source of income; (d) 15% federal income tax bracket; (e) Employee 2 elected to contribute 3% of pay to the employer's retirement savings plan plan.

[3] This example does not include FICA, Medicare, Social Security, and other pretax deductions.

[4] All investments involve risk, including loss of principal, and there is no guarantee of profits. Investors should carefully consider their objectives, risk tolerance, and time horizon before investing.

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