## *Be your own savings advocate.*

With a 401(k) or similar plan, you're in the driver's seat. Employers and fund providers may make investment education available, but it's up to you to build the retirement nest egg you need.

There's no need to micromanage the money in your plan—just use smart saver strategies to make your money grow.

### *Choose to Save*

- Tap into savings education resources such as www.choosetosave.org.
- Consult with professional financial advisors.
- Diversify your investments with a variety of funds that can help you reach your unique savings goals.
- Rebalance when equity/fixed-income percentages move more than 5 percent off your targets.
- Track your savings progress at every age milestone.

# Choose to Save.®

**www.choosetosave.org**

*Campaign Partners*

EBRI Employee Benefit Research Institute®

ASEC American Savings Education Council

**For information on Choose to Save®, we invite you to e-mail us at ctsinfo@choosetosave.org.**
**For additional savings tools, calculators and worksheets, please visit www.choosetosave.org.**
**Choose to Save®**
**Suite 600**
**2121 K Street NW**
**Washington, DC 20037**
**www.choosetosave.org**

# Maximizing Your Company Savings Plan

## *Make the most of your savings plan.*

***There's a lot to like in 401(k) and other employer-sponsored savings plans:*** *The ability to choose your own investments from a menu of investment options. A chance to save pre-tax dollars. An easy way to save for retirement. The possibility of "free money" from an employer contribution. The benefits are all there...as long as you make the most of your plan.*

*take the driver's seat with a 401(k) plan*

Start by joining the plan as soon as you're eligible. It's never a perfect time to save—there ***always*** are demands on our money. Save a small amount now and save more as soon as you can.

Consistency is the key to success. Saving a small amount from each paycheck can be relatively painless and profitable. Over time, the income earned on your money typically snowballs, ringing the cash register of retirement security.

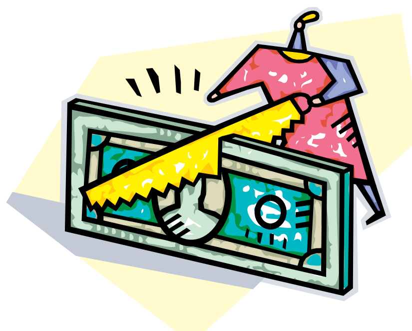
## Cash in on free money.

The government limits the amount of money you can contribute to your employer-sponsored savings plan on a before tax basis.[1] You save pre-tax dollars from your "gross" income, so your retirement contributions reduce your taxable income. It may make good financial sense to contribute the maximum and cut your tax bill.

If your plan has a matching employer contribution, it's an added bonus. Try to contribute at least the maximum amount your employer will match to get as much "free money" as possible. Typically, employers contribute a percentage of your contribution through their own matching formula. Until you withdraw the money, it's a tax-deferred bonus that boosts your long-term savings.

If you can't contribute the maximum, contribute as much as you possibly can and increase your contributions as your salary increases. An employer match can help increase your retirement savings. Assume you earn $40,000 and you contribute 10 percent into your account each year. If your employer matches your contribution up to, say, 3 percent of your pay, that's $1,200. Wow!

Save the most that you possibly can in a 401(k) or similar employer-sponsored savings plan. The money you save here could provide the foundation for a financially secure retirement.



*cut your tax bill by contributing the maximum to your savings plan*

*choose from a menu of investment options*

## Buy a ticket to the investment world.

When you have a small amount of money to save and invest, it can be difficult to meet minimum requirements for many investment vehicles. A 401(k) or similar plan combines the money of many employees, giving you access to a variety of investment opportunities.

Diversification is one of the most important principles of investing. You can achieve much of that diversification through different mutual fund options in your plan. A "balanced" mutual fund, for example, owns shares in many different stocks and bonds. The 401(k) or similar plan gives you access to professional money managers who choose among thousands of investments.

## Don't cash out—roll over.

If you change jobs, don't clean out your plan account along with your desk. It's too tempting to spend all or part of your money. Even a small raid on your savings can crack your nest egg and risk your retirement security. Your best alternative may be to roll the money over directly into your next employer's plan or into an individual retirement account (IRA). You may even be able to leave the money in your current employer's plan.

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[1] *In 2002 the maximum employee pre-tax contribution for most employees by law was $11,000. This increases to $12,000 in 2003, $13,000 in 2004, $14,000 in 2005 and $15,000 in 2006. Individual retirement plans may set a lower limit.*