

OnTrack



EARLY Does It



When your day to retire arrives, you're going to want to have enough money to live comfortably. To accomplish that goal, you should be saving money, payday after payday, while you're still on the job. Whether you're in your 20s, your 60s, or somewhere in between, it's not too late to do more for your financial future. There's no better time than *right now* to begin adding more to your retirement savings.

You may be waiting until your income increases or you've taken care of some other important financial goals, such as buying a house or educating your children. But, the fact is, the earlier you start, the easier it may be to build up your retirement account balance. Here's why.

More Affordable Contributions

First, when you start early, you won't have to save as much from each paycheck to meet your goal, all else being equal. Think about it this way. Say you're planning a vacation that is going to cost \$2,400. You could wait until six months before you go and save \$400 a month. Or you could save the \$2,400 by putting away just \$100 a month for two years. With all your other expenses, the second approach might be a lot more affordable.

More Time for Potential Growth

The second compelling reason to start saving early is to take advantage of potential compound growth. Compounding is a simple but powerful process: Any returns your savings earn are added to your balance and reinvested. That means you have *more money* working for you to earn potential returns in the future. Over time, compounding could really make a difference, as the chart illustrates.

When it comes to retirement planning, an early start is a good start. And it's always a good time to do more for your future. Don't let the opportunity to build your savings pass you by.

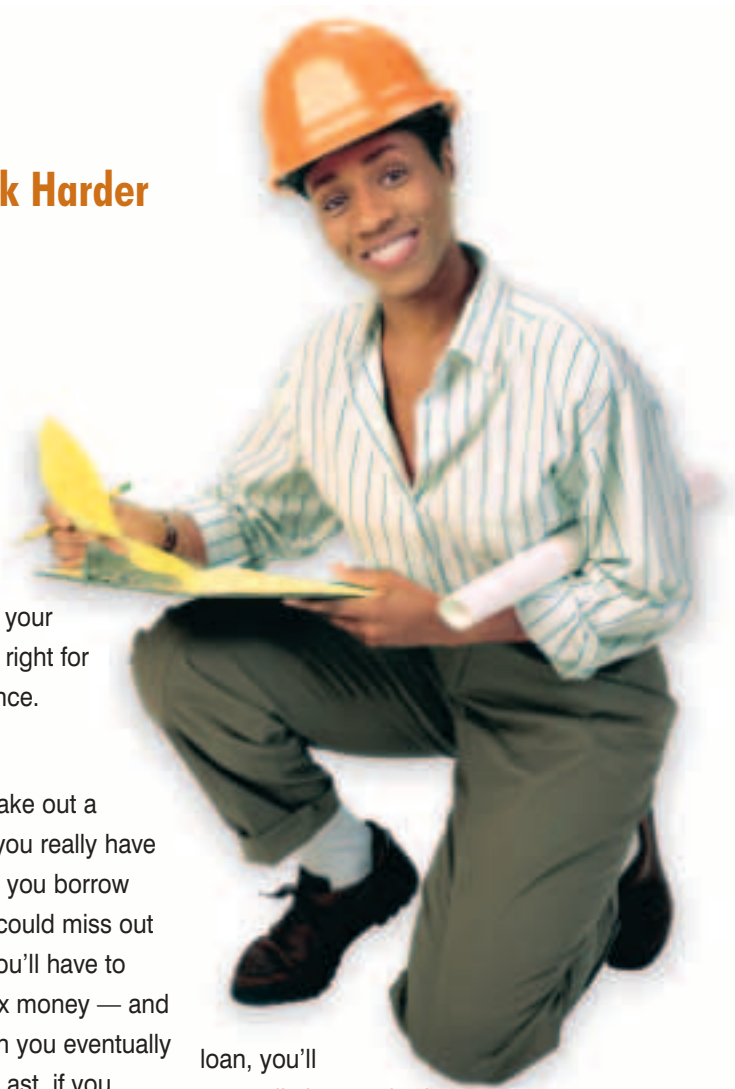


The Advantage of Starting Early

Annual Plan Contribution (at \$100 a Month)	When Started	Total Contribution	Balance
\$1,200	5 years ago	\$6,000	\$7,159
\$1,200	20 years ago	\$24,000	\$52,093
\$1,200	35 years ago	\$42,000	\$180,105

This hypothetical example is for illustrative purposes only. It assumes a 7% average annual total return, compounded monthly, and is not representative of any particular investment vehicle. Your investment returns and contribution amount will be different.
Source: NPI

Making **YOUR RETIREMENT MONEY** Work Harder



You're participating in your employer's retirement plan, and you're steadily increasing your contribution amount. Great! Here's how you can make your savings plan work even harder.

Spread It Out

From time to time, review your investment selections. Are they well diversified? Is more of your account invested in stocks, bonds, or cash equivalents than your asset allocation plan calls for? Unless your situation has changed, you may want to periodically restore your allocation by rebalancing your account.

Check It Out

When you receive a plan account statement, examine it carefully. Check

contributions, asset allocation, and the performance of each fund or portfolio. Evaluate the progress you're making toward your goals — and whether your present mix of funds is still right for your needs and risk tolerance.

Leave It Alone

If your plan allows you to take out a loan, don't borrow unless you really have to. Here's why. The money you borrow won't be invested, so you could miss out on growth opportunities. You'll have to repay the loan with after-tax money — and you'll pay taxes *again* when you eventually receive plan distributions. Last, if you leave your employer before repaying the

loan, you'll generally be required to repay it quickly — or owe income taxes on the unpaid amount and, possibly, a 10% tax penalty as well.

Roll It Over

If you leave your employer, strongly consider rolling over your entire plan account balance to an individual retirement account (IRA) or your new employer's retirement plan. Taking the cash isn't a wise move. Why? You'll have to pay immediate income taxes and possibly a 10% tax penalty on any money you receive. And you'll probably be tempted to spend what's left, shortchanging your future.

Making your retirement money work harder now can help make life easier when you retire.

The High Cost of Spending Retirement Savings Too Soon

Maria has a \$10,000 balance in her retirement plan account. She is changing jobs and can either take a cash distribution, or transfer her money to an IRA.

Take the Cash

\$10,000 Balance
– \$1,000 to IRS for Tax Penalty
– \$1,500 to IRS for Income Taxes*
<hr/>
\$7,500 to Maria for Spending
In 35 Years — Maria has \$0

Roll Over

\$10,000 Balance
–\$0
–\$0
<hr/>
\$10,000 to IRA
In 35 Years — Maria has \$115,062**

*Assumes a 15% federal income-tax rate. Your rate may be different.

**Assumes a 7% average annual total return, compounded monthly. Rollover IRA balances are taxable when withdrawn. This example is for illustrative purposes only and is not representative of any particular investment vehicle. Your investment performance will differ.

Source: NPI