10 Reasons to Enroll in Your Employer's Retirement Plan

Whether retirement is four years away or forty, you may want to plan a financial strategy now to help you work towards your retirement objectives.

1. It's simple to enroll.

A local representative can help you with the enrollment process. Call us to set up an appointment.

2. It's flexible.

You could choose the amount or percent of pay you would like to contribute, and you can change or stop later.

3. It's automatic.

Your contributions can be set up to be automatically deducted from your pay.

4. It's pre-tax.

Contributions are deducted before federal income taxes. You won't pay federal income taxes right away, and your money has more time to compound. You'll pay tax on the money when it is paid to you at a later date; that's usually at retirement when you may be in a lower income tax bracket. (Distributions will be taxed as ordinary income when distributed and will be subject to an IRS 10% premature distribution penalty tax if taken prior to age 59½, unless an exception applies.)

5. It probably costs less than you think.

If you contribute as little as $2 per day ($60 per month) starting today, those funds may grow to almost $60,000 in 30 years! If you can afford $4 per day ($120 per month), your savings may be even greater.

Amount Saved	at 10 years	at 20 years	at 30 years
$2 per day	$9,795.86	$27,338.75	$58,755.39
$4 per day	$19,591.71	$54,677.49	$117,510.78

This illustration assumes a $60 or $120 contribution per month that earns interest at 6%. It assumes a 30-day month and that contributions are deposited at the beginning of each month. The returns are hypothetical and do not reflect the past or future performance of any specific investment option. Payment of income taxes is not reflected. Systematic investing does not ensure a profit or protect against loss. You should consider your ability to invest consistently in up- and down-markets.

6. It's important to start early.

Waiting could impact how much you'll have for retirement.

Age at Which You Start	$25 Per Pay Period
Age 25	$103,842
Age 30	$74,770
Age 40	$36,813

This hypothetical chart shows the impact of joining at different ages. The accumulated amounts assume contributions over 26 pay periods per year, a 6% annual rate of return compounded monthly and a retirement age of 65.

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7. Simplified approach to investing.

There are a variety of investment options available, ranging from conservative to aggressive. For those who do not wish to choose their own investments, asset allocation funds are one possible option.

8. Special savings opportunities near retirement.

The opportunities to save increase as you approach the end of your career. Depending on your age, years of service and amount contributed in the past, you may be able to make additional contributions to your account.

Contact your local representative for more information about the retirement saving options available to you.

9. Maximize your savings.

If your employer makes a supplemental deferred compensation plan available to you in addition to a traditional retirement plan, you may want to consider taking advantage of both, as contributions to one may not offset the amount you can contribute to the other.

10. Portability.

Your savings are "portable." This means that if you go to work for another employer, you may roll over your benefits to your new employer's plan, if that plan accepts rollovers. If that isn't possible, you can receive your benefits or, if the plan permits, leave your account with Voya Financial™ and let earnings continue to accumulate tax-deferred. Your savings can also be rolled over into an IRA.

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Missed Opportunity

Consider investing in your employer-sponsored plan

Special Report

Investing in your employer sponsored retirement plan may provide an opportunity for savings.

Excuses, excuses, excuses

People often put off investing for their retirement. Even if you think “I can’t afford it,” “I’m too young,” or “I don’t understand investing,” you may still be able to take advantage of your employer-sponsored retirement plan.

Pay yourself to save

If you invest in your employer-sponsored plan your contributions reduce the part of your salary on which you pay taxes. Here’s how: If you’re in the 28 percent tax bracket, and you invest $5,000 a year, that’s $5,000 of your salary on which you’re not paying taxes this year; so you reduce your annual tax bill by $1,400 ($5,000 x .28).

If you decide to invest, doing so with an employer-sponsored plan actually may keep more money in your pocket today. Please note that distributions will be taxed as ordinary income when distributed and are subject to any tax penalties that may apply. Consider the chart below showing the difference between investing with a plan versus investing outside a plan.

Youth is on your side

The younger you start planning for retirement, the more you may benefit. By investing early in your career, you’ll enjoy the potential benefits of tax-deferred growth and compounding of interest for decades.

Ann makes $40,000 a year and decides to put aside 6% of her biweekly salary for the future.

Complete Purchase Payment Periods*	If she contributes to a plan	If she saves outside a plan
Her biweekly paycheck	$1,539	$1,539
6% of her biweekly pay contributed to the plan	-$ 92	N/A
Her new taxable income	$1,447	$1,539
Federal income taxes	-$ 405	-$ 431
Take-home pay	$1,042	$1,108
Money saved outside the plan	N/A	-$ 92
Money left in her pocket	$1,042	$1,016

Note: This hypothetical illustration assumes a biweekly savings of $92 – or six percent of pay – equal to $2,400 per year and a federal tax rate of 28 percent and is for demonstration purposes only. It is not intended to (1) serve as financial advice or as a primary basis for your investment decisions and (2) imply the performance of any specific security. Before-tax contributions into tax-deferred investments are subject to Internal Revenue Code limits. Taxes are generally due upon withdrawal and early withdrawal penalties will apply to withdrawals taken before age 59½, unless an IRS exception applies. Your employer may offer you a choice among retirement accounts qualifying for tax deferral. Your local Voya representative can explain the benefits, features and costs of each. You should consult with an advisor when you consider your alternatives or make tax-related decisions. Legal and tax advice are not offered by Voya and its representatives.

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Compounding is a multiplier effect. Consider Larry and Susan:

	Larry	Susan
Age at which savings started	45	25
Monthly contribution	$300	$100
Total contribution by age 65	$72,000	$48,000
Total pre-tax savings at age 65	$171,798	$324,180

Note: This hypothetical illustration assumes each account earns an annual rate of return of 8 percent and is for demonstration purposes only. It is not guaranteed and not based on the rate of return of any particular investment and does not include costs incurred under a particular investment. It is also not intended to serve as financial advice or as a primary basis for your investment decisions. Systematic investing does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue their purchases through periods of low price levels. Taxes are generally due upon withdrawal.

Susan not only ends up with more money than Larry, but she also contributed significantly less money than him. This is one of the potential benefits of starting early.

Pension and Social Security are not what they used to be

In recent years, Social Security, the traditional source of retirement income, has become a smaller part of the equation. Consider that for the average worker, Social Security replaces only about 40 percent of pre-retirement income.[1] For the next generation of retirees, these percentages may be even lower. Your company's retirement savings plan can provide an additional source of income.

It's never too late to start

If you're nearing retirement and still haven't taken advantage of your company's plan, you may still benefit. While you may miss the long-term advantages of a younger investor, you'll still get the current income tax benefits. Plus, any earnings of your investment will also be exempt from current income taxes. That's a significant advantage over many other kinds of investments, whose earnings may be reduced each year by taxes.

You may even be able to take advantage of "catch-up" provisions to increase your contributions. A few years of investing could put you ahead of where you'd be if you'd done no investing at all.

Borrow money from yourself

If you're concerned about locking up money that you may need to access in an emergency, keep in mind that many plans allow you to take a loan from your account and then pay yourself back out of your ongoing contributions.

Note: loans will reduce your account balance, may impact your withdrawal value and limit participation in future growth potential. Other restrictions may apply.

No expertise required

So you don't understand stocks, bonds, mutual funds, asset classes and all the other seemingly complicated terminology that comes with investing? Guess what? Your company's plan may have easy-to-understand educational materials. Plus, software, worksheets and calculators will help you clarify your investment goals – based on your own life situation.

Saving made painless

By using automatic payroll deduction, contributions are automatically deducted from your paycheck – before you have a chance to spend them.

Find out more

Contact your local Voya representative to learn more about this opportunity.

For more information please contact:
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1 Social Security Administration SSA Publication No. 05-10035 July 2012