FUND YOUR FUTURE

LEARN ABOUT THE BENEFITS OF A RETIREMENT SAVINGS PLAN

Your retirement savings plan is one of the most effective ways to create a foundation for your financial future.

POTENTIAL BENEFITS INCLUDE:

> Tax-deferred savings
> Reduced current taxable income
> Employer matching contributions (if your plan provides)
> Automatic payroll deductions

To maintain the lifestyle you enjoy while working, most financial experts estimate you will need 80% of your final salary once you start drawing annual income in retirement. The earlier you can start saving, the better.

The chart below shows you how retirement income can vary depending on whether a person starts contributing to a retirement plan 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

Kids, mortgage payments, credit card debt, and unforeseen circumstances are among the many challenges when deciding how much to contribute to your retirement savings plan. If possible, strive to contribute at least 10% of your paycheck to take advantage of tax-deferred growth and the power of compounding interest.

How a retirement savings plan works for you

Retirement savings plans allow employees to 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.

When retirement plan contributions are deducted before taxes, you typically only pay federal income taxes on the amount of your income remaining after the deductions. 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.

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are then placed into the investment choices[4] that you select and accumulate on a tax-deferred basis until they are withdrawn.

Making catch-up contributions

The Internal Revenue Service (IRS) sets retirement plan contribution limits each year. If you are age 50 or older, you may be able to make additional “catch-up” contributions beyond the standard IRS limits. Making the maximum catch-up contribution every year could add significantly to your retirement savings.

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]

- Age 18 or older.
- Not a full-time student.
- Cannot be claimed as a dependent on another person’s tax return.
- Adjusted gross income is at or below levels that are set by the Internal Revenue Service (IRS).*
- Made eligible contributions to a qualified retirement plan, such as a 401(k) plan or an IRA.

*Visit **TA-Retirement.com** for current contribution limits.

Accessing your retirement savings

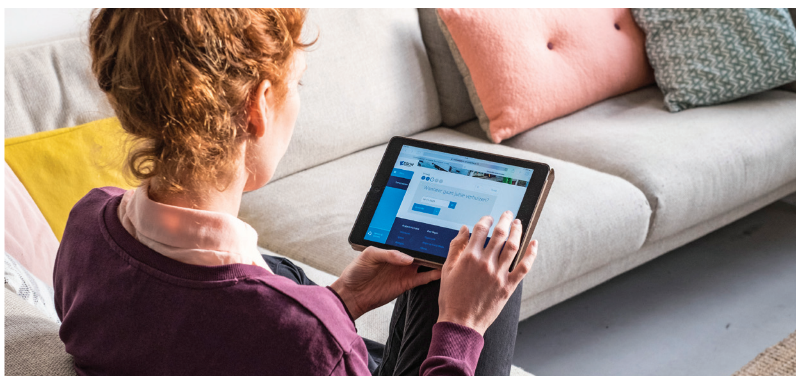
Depending on your age and eligibility, the money in your retirement account may be available for withdrawal,* or you can leave it in the account and allow your savings to grow.[1] If your employer makes matching contributions to your retirement savings account, these matching funds may be subject to 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

Though it's not generally recommended, your plan may allow you to borrow from your account.*

Like a bank loan, the Internal Revenue Service requires you to pay interest on the money you borrow. However, the interest is credited back to your account. In other words, 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 you receive the money. 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?

When you leave your employer due to retirement or for any other reason, you have several options:

> Roll your retirement savings 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 the money 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 of your savings.[1]

Leaving your retirement savings with your old employer's plan might be the easiest choice, but it is subject to certain limitations.

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

As you can see, there are many elements to a retirement savings plan, and Transamerica is committed to providing help every step of the way.

Whatever your age, income, and vision of retirement may be, we want to help you live better today, so you can worry less about tomorrow.

Employer-sponsored retirement plans may have features that you may find beneficial such as access to institutional funds, fiduciary selected investments, and other ERISA protections not afforded other investors. In deciding whether to do a rollover from a retirement plan, be sure to consider whether the asset transfer changes any features or benefits that may be important to you. Review the fees and expenses you pay to see if rolling over into an IRA could help reduce your costs.

Reach out to learn more:

VISIT
TA-Retirement.com

CONTACT
Your Human Resources Representative

Rollovers and transfers may be subject to differences in features and expenses. Indirect transfers may be subject to taxation and penalties. Consult your tax advisor regarding your situation.

[1] Neither Transamerica nor its agents or representatives may provide tax or legal advice. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely on their own independent tax and legal advisors regarding their particular situation and the concepts presented herein.

[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.

[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.

This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.

SMALL STEPS ***CAN BE MOMENTOUS***

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