



# Set Your Retirement Savings Goal

Retirement Planning Workshop

## SET YOUR SAVINGS GOAL

- Plan for what's ahead

## FIND THE MONEY TO SAVE FOR WHAT'S AHEAD

- How the plan can help you save
- Budgeting basics

## SAVING THROUGH THE PLAN

- Plan features
- Resources



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# Plan for what's ahead

- How do you see yourself spending retirement?
- Experts suggest you will need 75 – 90% of your working income to live comfortably in retirement



# Considerations when determining your goal amount

- Current annual pre-tax income
- Estimated Social Security benefit amount
- Current age and the age you would like to retire
- Any retirement savings amounts

## Example 1: Retirement savings goal - replace 75% of current working income

Current annual salary:	\$40,000
Current account balance:	\$5,000
Current age:	32
Assumed retirement age:	67
Assumed years in retirement:	25
Includes full Social Security benefit	

**Goal:**  
**\$203,198**

**Annual Contribution:**  
**\$2,845**

**7% of annual salary**

ADP makes no recommendation regarding the appropriateness of any contribution amount or type. Assumes a hypothetical average annual rate of return of 8% and an annual inflation rate of 4%. Rates of return do not reflect any specific investment or savings strategy. Returns are not guaranteed. Includes simplified retirement income assumptions such as the availability and amount of Social Security benefits and earnings assumptions on savings.

## Example 2: Retirement savings goal - replace 90% of current working income

Current annual salary:	\$40,000
Current account balance:	\$5,000
Current age:	32
Assumed retirement age:	67
Assumed years in retirement:	25
Includes full Social Security benefit	

**Goal:**  
**\$302,198**

**Annual Contribution:**  
**\$4,231**

**11% of annual salary**

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## Example 3: Retirement savings goal - replace 75% of current working income

Current annual salary:	\$40,000
Current account balance:	\$5,000
Current age:	42
Assumed retirement age:	67
Assumed years in retirement:	25
Includes full Social Security benefit	

**Goal:**

**\$209,548**

**Annual Contribution:**

**\$5,030**

**13% of annual salary**

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**Find the money to save  
for what's ahead**



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# Reduce your income taxes today

**Annual salary: \$20,000**

**Tax bracket: 15%**

Pre-tax contribution rate	2%	4%	6%
Weekly plan contribution	\$7.69	\$15.38	\$23.08
Weekly tax savings	\$1.15	\$2.31	\$3.46
Weekly out-of-pocket amount	\$6.54	\$13.07	\$19.62
Annual contribution	\$400.00	\$800.00	\$1,200.00
<b>Potential balance after 30 years</b>	<b>\$45,313.28</b>	<b>\$90,626.57</b>	<b>\$135,939.85</b>

ADP makes no recommendation regarding the appropriateness of any contribution amount or type.

For illustrative purposes only. This example assumes contributions made at the beginning of each month and an 8% annual effective rate of return compounded monthly, and the reinvestment of earnings. Results are not meant to represent past or future performance of any specific investment vehicle. Investment return and principal value will fluctuate and when redeemed, the investment may be worth more or less than its original cost. Taxes are due upon withdrawal. Withdrawals taken prior to age 59½ may be subject to a 10% tax penalty.

# Reduce your income taxes today

**Annual salary: \$30,000**

**Tax bracket: 15%**

Pre-tax contribution rate	2%	4%	6%
Weekly plan contribution	\$11.54	\$23.08	\$34.62
Weekly tax savings	\$1.73	\$3.46	\$5.19
Weekly out-of-pocket amount	\$9.81	\$19.62	\$29.43
Annual contribution	\$600.00	\$1,200.00	\$1,800.00
Potential balance after 30 years	\$67,969.93	\$135,939.85	\$203,909.78

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# Reduce your income taxes today

**Annual salary: \$60,000**

**Tax bracket: 25%**

<b>Pre-tax contribution rate</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>
Weekly plan contribution	\$46.15	\$69.23	\$92.30
Weekly tax savings	\$11.54	\$17.31	\$23.08
Weekly out-of-pocket amount	\$34.61	\$51.92	\$69.22
Annual contribution	\$2,400.00	\$3,600.00	\$4,800.00
<b>Potential balance after 30 years</b>	<b>\$271,879.71</b>	<b>\$407,819.56</b>	<b>\$543,759.41</b>

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# Reduce your income taxes today

**Annual salary: \$80,000**

**Tax bracket: 25%**

Pre-tax contribution rate	4%	6%	8%
Weekly plan contribution	\$61.54	\$92.31	\$123.08
Weekly tax savings	\$15.39	\$23.08	\$30.77
Weekly out-of-pocket amount	\$46.15	\$69.23	\$92.31
Annual contribution	\$3,200.00	\$4,800.00	\$6,400.00
<b>Potential balance after 30 years</b>	<b>\$362,506.28</b>	<b>\$543,759.41</b>	<b>\$725,012.55</b>

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# Reduce your income taxes today

**Annual salary: \$100,000**

**Tax bracket: 28%**

<b>Pre-tax contribution rate</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>
Weekly plan contribution	\$76.92	\$115.38	\$153.85
Weekly tax savings	\$21.54	\$32.31	\$43.08
Weekly out-of-pocket amount	\$55.38	\$83.07	\$110.77
Annual contribution	\$4,000.00	\$6,000.00	\$8,000.00
<b>Potential balance after 30 years</b>	<b>\$453,132.84</b>	<b>\$679,699.27</b>	<b>\$906,265.69</b>

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# Budget basics

- Live within your means
- Reduce discretionary spending
- Consider saving your annual raise or bonus

# Budget basics

- Track your expenses

Salary

— necessities

— discretionary spending

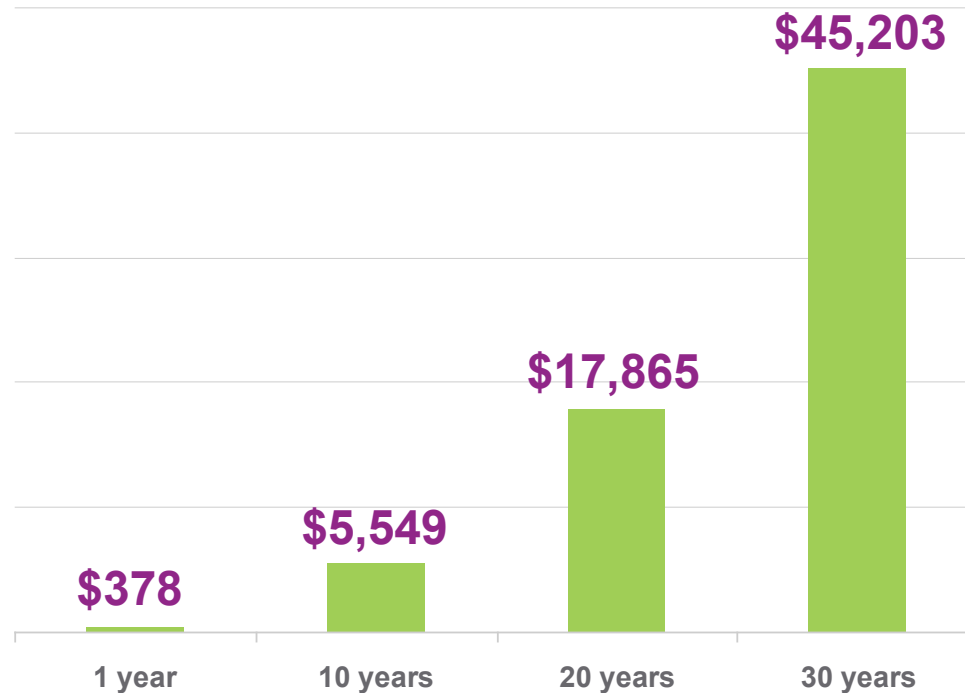
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= what you can save



# Small change, big reward

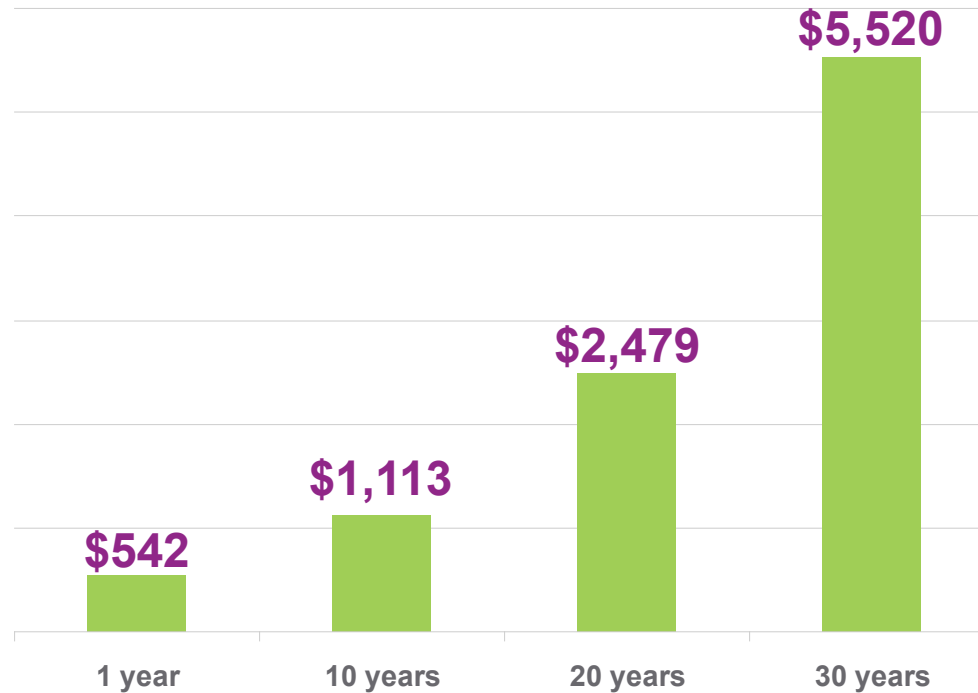
**\$7**  
saved  
per week



ADP makes no recommendation regarding the appropriateness of any contribution amount or type. For illustrative purposes only, not indicative of any specific investment type. Assumes a \$7 per week savings with an 8% annual return compounded monthly and the reinvestment of earnings. A plan of systematic savings does not ensure a profit or prevent a loss in a declining market.

# Spend now, pay later

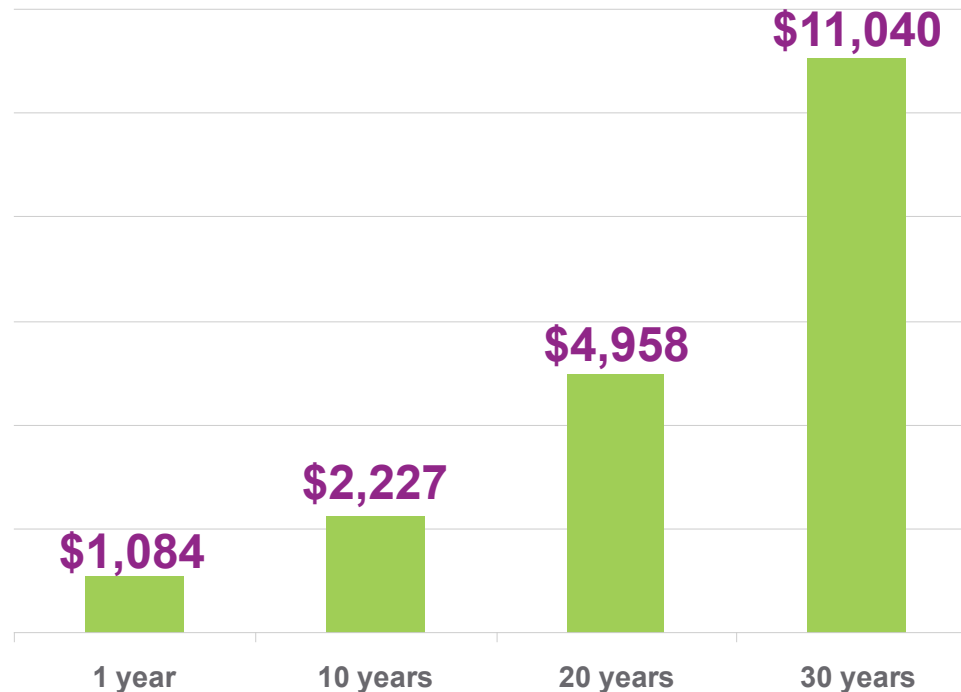
growth of  
**\$500**



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# Spend now, pay later

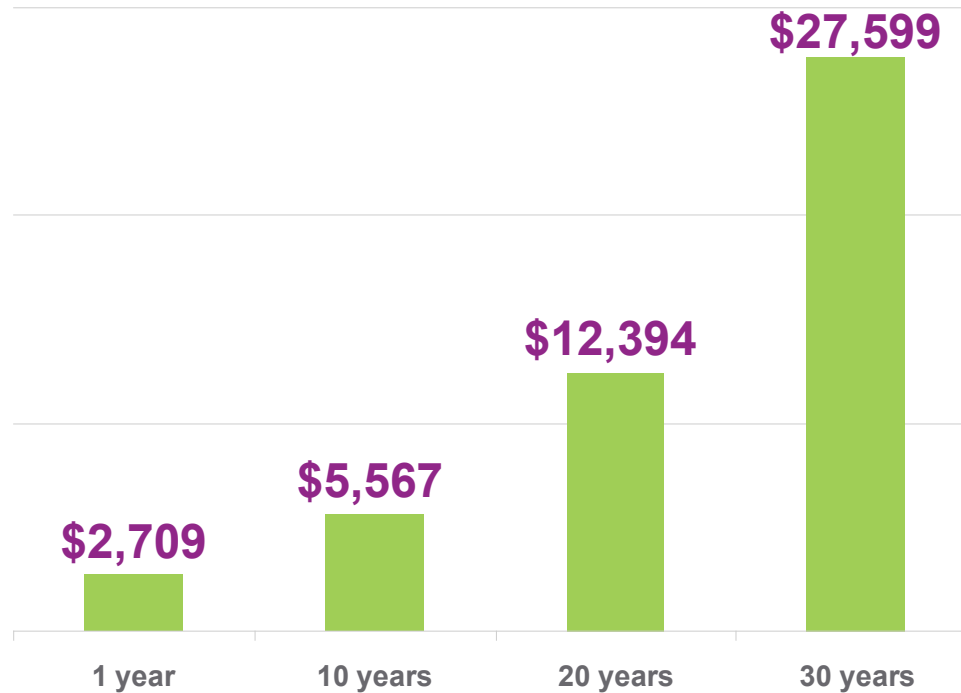
growth of  
**\$1,000**



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# Spend now, pay later

growth of  
**\$2,500**



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**Consider how much you are  
permitted to save in the plan**



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# Save Smart<sup>®</sup>

	10 years	20 years	30 years
5% contribution	\$33,081	\$106,334	\$264,482
+ Save Smart	\$21,357	\$81,023	\$209,839
Total account balance	\$54,439	\$187,375	\$474,318

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## How much you have when you retire will mostly depend on:

- How much you save
- When you start saving
- Your asset allocation





## Determine your risk tolerance

- Inflation risk – the risk that your money won't maintain its purchasing power over time
- Market risk – the change in value of an investment in response to stock market conditions



# Asset allocation features in your plan

## Target retirement date funds

- Designed based on anticipated retirement dates
- Allocation becomes more conservative over time

## Risk based- investment funds

- Designed based on risk tolerance
- Allocation remains constant

The underlying mutual funds in the portfolios of asset allocation funds are subject to stock market risk and invest in individual bonds whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. The target date of a target date mutual fund is the approximate date when an investor plans to begin withdrawing their money from the fund. The principal value of a target date fund is not guaranteed at any time, including at the target date. Keep in mind that a target date mutual fund is comprised of a mix of underlying investment options in various asset classes. Therefore, if you decide to invest in other funds in addition to a target date mutual fund, you may overweight your account in a particular asset class. The underlying mutual funds in the portfolios of asset allocation funds are subject to stock market risk and invest in individual bonds whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost.



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- Call (800) 242-6182 to schedule an enrollment session with GuidedChoice

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## Resources

- Resources available to you include:
- Quarterly account statement
- [www.mykplan.com](http://www.mykplan.com)
  - Review your account
  - Elect plan features
  - Access retirement planning information and calculators
- Call Center / Voice Response System

**Start moving in the right direction.**



# Stay connected to your account and get there one step at a time.

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