

The **Sweet Smell**
of **Success**

WHY YOU SHOULD INVEST
IN YOUR RETIREMENT PLAN TODAY



ABC Company
HR Department

Dear Paul,

The ABC Company is proud of its 401(k) Plan. If you use it wisely and take full advantage of it, this plan could easily become your most valuable tool for achieving financial independence and retirement security.

This enrollment kit is broken down into several short sections. They are:

- why you should be investing in the 401(k) plan;
- an explanation of Targeted Retirement Portfolios;
- the plan's highlights
- the fund fact sheets;
- enrollment forms.

If you have any questions about the 401(k) Plan, please contact the call center at 1-555-000-000 or visit <http://www.plansite.com>.

And remember: **Achieving financial independence is your responsibility. Sign up today!**

John Jones
Director, Human Resources



How can the 401(k) plan help me?

The reality of today's world is that you are responsible for providing your own financial security during retirement. Social Security alone will probably not be enough to provide you with the retirement lifestyle you desire.

The 401(k) plan provides a great opportunity to set aside money for retirement while you are working. In fact, because of your employer's match and the tax-deferred status of the plan (see below), it is probably the best retirement investing opportunity you will ever get.

When you enroll in the plan, a portion of your paycheck is placed in a separate plan account for your benefit. You choose the amount that will be set aside and how it will be invested. Moreover, the money you contribute to your account and all of the growth it generates belongs to you and you alone.

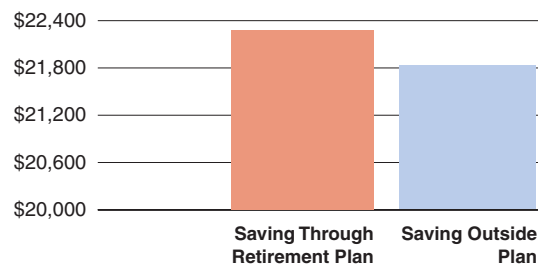
Why is the 401(k) plan a good place to invest for retirement?

Because you don't have to pay current income taxes on your 401(k) contributions, your take home pay can actually increase as compared to investing outside of the plan.

For example, if your salary is \$30,000, and you invest \$3,000 in your 401(k) plan, you pay taxes on only \$27,000 instead of \$30,000.

The chart at the right compares investing in the 401(k) plan to investing outside of the plan. You can see how take-home pay is affected.

Take Home Pay

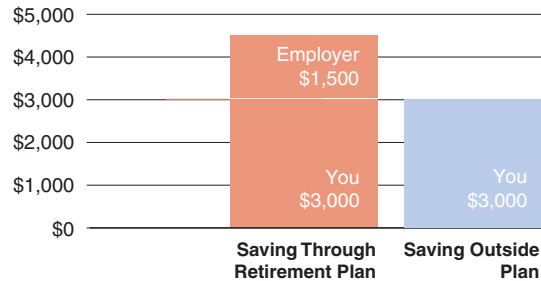


Gross Annual Salary	\$30,000	\$30,000
Retirement Contribution	\$3,000	0
Taxable Income	\$27,000	\$30,000
Federal Taxes*	\$4,700	\$5,150
After-Tax Savings	0	\$3,000
Take Home Pay	\$22,300	\$21,850
Increase in Take Home Pay	\$450	

*This chart takes into account only Federal taxes and does not consider state or local taxes. Taxes are based on the IRS 2006 Tax Rates for a single filer plus 2006 OASDI and Medicare taxes. The 2006 standard deduction of \$5,150 and one exemption (\$3,300) have been applied in calculating the Federal taxes. Withdrawals made prior to age 59½ may be subject to a 10% Federal tax penalty and are subject to plan restrictions. Taxes are due upon withdrawal from a tax-deferred account.

Does my employer's contribution really give me more "bang for the buck?"

Total Contribution



Take Home Pay	\$22,300	\$21,850
Total Savings	\$4,500	\$3,000
Total Amount Working For You	\$26,800	\$24,850
You are ahead	\$1,950	

Absolutely. When you invest in your 401(k) plan, your employer may match all or part of your contributions. The amount of the match depends on your employer, but the chart at the left shows how much extra money you could have if your employer matches your contributions as shown below (and you contribute \$3,000).

When the employer match is combined with the tax savings described above, you can really begin to see the power of the 401(k) plan (see chart at left).

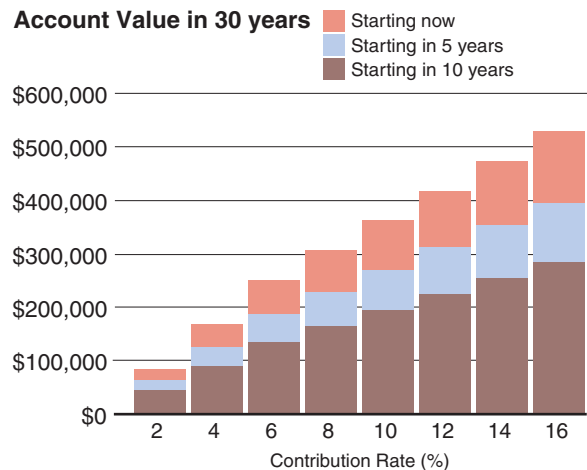
Employer Match Schedule:

50% on first 10% of pay contributed,
Maximum match: \$10,000

Is it best to start saving for retirement as soon as possible?

It sure is. The chart at the right shows how much your account could grow over the next 30 years. It also shows that is in your best interest to start your retirement savings program as early as possible. The chart assumes:

- your current annual salary is \$30,000;
- your salary increases 3% each year;
- your annual return on investment is 7%;
- and your employer matches your contributions as shown above.



Thank you for convincing me of the value of the 401(k) plan.

That's great. You should contribute as much as you can and, by all means, take full advantage of your employer match.

Introducing XYZ Investments' Targeted Retirement Portfolios—Sensible investing made easy

The Targeted Retirement Portfolios are a great tool for those participants who want to leave their investment decisions up to a professional.

The portfolios' managers assume that the participants who are investing in one of these portfolios are going to retire in or around the year mentioned in the portfolio's name. They also assume that all your retirement assets are invested in the portfolio and that funding for retirement is the portfolio's sole goal. The managers also assume that assets other than this portfolio will be used for emergencies or funding a child's education.

The current investment mix of each portfolio as well as its annualized returns over the past 1, 3, and 5 years

can be found on the portfolio's Fact Sheet. Please keep in mind that the investment mix used by one of these funds 5 years ago can be quite different than it is today because the fund's managers change the mix as retirement gets closer. Please refer to the fact sheets and prospectuses for more information.

If at any time you wish to assume responsibility for investing your contributions, you can use the plan's other investment options. For information about these options, contact the call center or go to the plan's website.



Plan Highlights

The following is a brief overview of the Plan's key features. This is not intended to replace the Plan's Summary Plan Description (SPD), which is a legally required document that provides a more detailed discussion of the Plan's provisions. You can obtain a copy of the SPD from either your Human Resource department or the Plan Administrator.

Eligibility

You can participate in the Plan after you have completed six months of service with the Company.

Entry Dates

You can sign-up to participate in the Plan on the first of any month following six months of service.

Annual Salary Deferral Limits

Federal law permits you to defer any portion of your salary up to \$15,000 in 2006. If you make the maximum contribution and are age 50 or older, you can also make a catch-up contribution of \$5,000 in 2006. Your contributions plus any employer contributions made on your behalf may not exceed the lesser of 100% of your compensation or \$44,000 in 2006. These limits may be increased in the future.

Changes in Salary Deferral Amounts

You may change your deferral amount at any time by calling the Plan Administrator's Hot Line or by going to its web site. The change will be effective as soon as administratively possible.

Year of Service

A year of service is defined as any year in which you work at least 1,000 hours.

Company Match

Your employer will contribute 50¢ for each \$1 you defer.

Profit Sharing Contributions

The Company may make profit sharing contributions to the Plan on your behalf. The decision whether to make these contributions as well as their size will be made each year by the Company.

Rollover Contributions

Your 401(k) Plan will accept rollovers. These rollovers may come from tax deductible contributions and/or balances from other retirement plans in which you have participated or the earnings and tax-deductible or tax-deferred balances in IRAs. For specific information on what types of assets may be rolled into this Plan, please contact your Human Resource Department or the Plan Administrator.

Plan Vesting Schedule

The Plan's vesting schedule describes the portion of the money in your account that you own. Your salary deferrals, rollover money, and any investment earnings in those accounts are always 100% vested.

All company contributions made on your behalf, matching or profit sharing, vest after five years of service. This means that you must work at the Company for five years (at least 1,000 hours a year for 5 years) before you own all the contributions made by the Company during your first five years of full time employment. Once that five year period is met, all Company contributions will vest immediately.

Years of Service	Vested Percentage of Company Contributions
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Investment Changes

You may change the investment allocations of your existing account balances and/or change the investment selections for future contributions at any time and as often as you like. You may do this by calling the Plan Administrator's Hot Line or by going to the Plan's web site. The change will be effective as soon as administratively possible.

Distributions

Plan distributions can occur only for the following reasons: separation from service, permanent disability, death, or retirement on or after you reach age 65. At age 59½, even if you are still employed, you are permitted to take distributions from your salary deferral account. Any distributions you receive prior to age 59½ may be subject to a 10% early withdrawal penalty.

When you retire or terminate employment, you may receive your account balance in a single lump sum payment or installment payments. You may also request that the plan trustee transfer your account balance to an IRA of your choice or to your next employer's plan (assuming it accepts rollovers).

All money distributed from the plan is generally taxed as ordinary income in the year you receive it. If all or a portion of the distribution is rolled over to an IRA or another qualified plan, taxes will be deferred until a later date. The taxation of distributions should be discussed with your tax advisor.

Loan Option

You may borrow no more than 50% of your vested account balance up to \$50,000. The minimum loan amount is \$1,000, and you may have only one outstanding loan at anytime. If after establishing your initial loan, you find that you must increase your borrowing, you can restructure the existing loan. For the exact amount available for a loan, call the Plan Administrator's Hot Line or go to the plan's web site.

Loan amounts paid to you are not taxable if they are repaid in a timely manner. The loan's maximum length can be 5 years; 10 years if the money is used to purchase a primary residence. Loan repayments are made through salary deduction each pay period on an after-tax basis.

Hardship Distributions

A "financial" hardship is defined as a heavy and immediate financial need that cannot be satisfied by other resources available to you, including taking a loan from the vested portion of your 401(k) plan account. Hardships include: preventing eviction from or foreclosure of your primary residence; paying for post-secondary education for you or an immediate family member; paying for unforeseen medical expenses; or purchasing a primary family residence. For the exact amount available for a hardship withdrawal, call the Plan Administrator's Hot Line or visit to the Plan's web site.

Hardship distributions made prior to your attainment of age 59½ may be subject to a 10% penalty and will be taxed as ordinary income in the year received.

FUND FACT SHEETS

The following pages will allow you to gain a greater understanding of the individual fund options. For more information on each of your investment options, contact the call center (1-800-000-0000) or go to our web site (www.planwebsite.com).

(FUND FACT SHEET)

Note:

This fund fact sheet and 'How to read fund fact sheets' section is included within this booklet to show how they would fit into a complete enrollment booklet.

We can include prepared fund fact sheets (such as Morningstar) or design a customized version based upon your specifications.

(FUND FACT SHEET)

Enrollment Form

Use the forms in this section to apply to participate in the Plan or to change your salary deferral amount or Investment Selections. Please return the signed, completed forms to your Plan Administrator. If you have any questions concerning

your eligibility to participate in the plan, please contact your Plan Administrator.

PARTICIPANT NAME		SOCIAL SECURITY NUMBER		<input type="checkbox"/>	<input type="checkbox"/>
M SEX F					
ADDRESS					
CITY		STATE	ZIP		
HOME TELEPHONE NUMBER			EMAIL ADDRESS		
DATE OF BIRTH					

Salary Deferral Agreement

Complete this section if you are enrolling in the plan or want to change the amount of your salary deferral. By completing

this section, you agree to contribute a portion of your pay to the plan.

Select one of the following:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I wish to defer \$ _____ or _____ % of my compensation per pay period	I wish to change my deferral to \$ _____ or _____ % of my compensation per pay period	I do not wish to participate
Do you want to increase your 401(k) plan contribution by 2% each time to you get a pay raise?		<input type="checkbox"/> Yes <input type="checkbox"/> No



What if I change my mind?

You can stop participating in the plan, increase or decrease your salary deferral, or change your investment selections by submitting another copy of this form (with the updated information filled in) to your Plan Administrator.

You can also enroll in the plan or make these changes via the voice response system by calling 1-800-000-0000 or via the Web at <http://www.website.com/retirement>.

See the Plan Highlights section of this booklet for information regarding the allowed timing of changes.

(Continued on back)

Investment Selection

Complete this section if you are enrolling in the plan or want to change the allocation of your future plan contributions

FUND NAME	PERCENTAGE OF FUTURE CONTRIBUTIONS	PERCENTAGE OF CURRENT BALANCE	FUND NAME	PERCENTAGE OF FUTURE CONTRIBUTIONS	PERCENTAGE OF CURRENT BALANCE
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %
	_____ %	_____ %		_____ %	_____ %

Authorized Signatures

I acknowledge that I have read and understand all the plan provisions as outlined above.

_____	_____
PARTICIPANT SIGNATURE	DATE
_____	_____
SIGNATURE OF NOTARY OR PLAN OFFICIAL	DATE



What happens if I do not submit investment selections?

If you indicate that you want to participate in the plan by entering a salary deferral above, but do not fill out the investment selection section on the back of this form, your Plan Contributions (Salary Deferrals) will be invested in the default investment option selected by your Plan Administrator (often a money market or stable value fund).

If you were previously enrolled in another plan that has been taken over by this plan, the balances you had in the funds in your previous plan will be moved (mapped) into similar funds in this plan.

Beneficiary Form

Complete this form to if you are enrolling in the plan or want to change your primary or secondary beneficiary. To designate multiple primary or secondary beneficiaries, use

duplicate copies of this form. Make sure to include the percent of benefit each one should receive and that the sum totals 100%.

PARTICIPANT NAME		SOCIAL SECURITY NUMBER	
ADDRESS			
CITY		STATE	ZIP
HOME TELEPHONE NUMBER		EMAIL ADDRESS	
DATE OF BIRTH		DATE OF HIRE	

Marital Status

I am **married** and I understand that if I wish to name a beneficiary other than my spouse, I must complete the Spousal Agreement section below.

I am **not married** and I understand that if become married, my spouse will become my primary beneficiary.

Primary Beneficiary

Secondary Beneficiary

BENEFICIARY NAME		
ADDRESS		
CITY	STATE	ZIP
HOME TELEPHONE NUMBER		
DATE OF BIRTH	SOCIAL SECURITY NUMBER	
RELATIONSHIP	PERCENT OF BENEFIT	

BENEFICIARY NAME		
ADDRESS		
CITY	STATE	ZIP
HOME TELEPHONE NUMBER		
DATE OF BIRTH	SOCIAL SECURITY NUMBER	
RELATIONSHIP	PERCENT OF BENEFIT	

Authorized Signatures

PARTICIPANT SIGNATURE	DATE
SIGNATURE OF NOTARY	DATE

Spousal Agreement

I hereby acknowledge and accept my spouse's designation of a plan beneficiary other than me. I understand that, as a result of signing this form, I may not receive monetary benefits

(upon my spouse's death) to which I would have otherwise been entitled. I also understand that I cannot revoke the consent I am giving hereunder in the future.

SPOUSE'S SIGNATURE	DATE
--------------------	------



What is a Beneficiary?

Your primary beneficiary is the person who will inherit your retirement account if you still have a balance when you die (whether that is before or after you retire). You must also name a secondary beneficiary who will inherit your account if both you and the primary beneficiary die. For example, many people name their spouse as their primary beneficiary and their children as their secondary beneficiary.

What happens if I do not submit a beneficiary form?

If you die and have not designated a beneficiary, your account will be distributed in accordance with the laws in effect in your state at that time. Usually, if you have a surviving spouse, the proceeds go to him or her.

Can I change my beneficiary?

You can change your beneficiary by submitting a new beneficiary form to your Plan Administrator.

Paul Paulson
555 Street Ave, Apt 5
Cititown, ST 10000



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