

# Why you should be investing in the 401(k) plan today



John, the reality of today's world is that you are responsible for providing your own financial security during retirement. That is why it is so important to plant the seeds of your financial independence as soon as possible. After all, accumulating a large enough nest-egg takes a lot of time.

When you enroll in the 401(k) 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.

## Is the 401(k) plan a good place to invest for retirement?



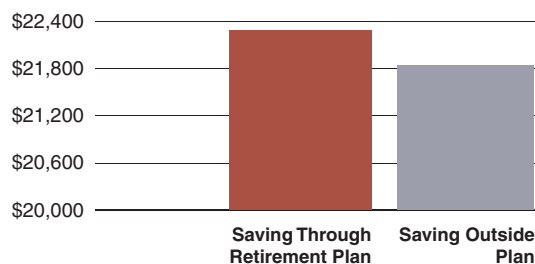
It certainly is. Because you don't have to pay current income taxes on your 401(k) contributions, your take home pay can actually increase as compared to investing outside of the plan.

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.

\*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.

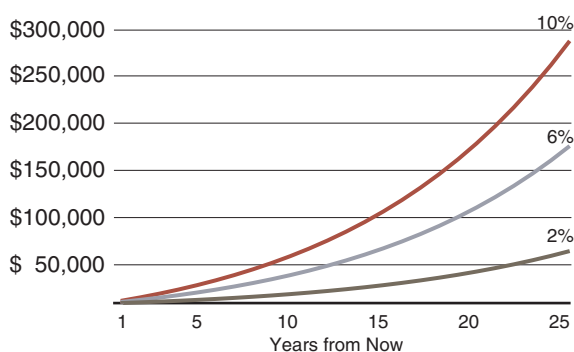
### Take Home Pay



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

## How much can my account grow?

### Account Value



The chart at the left shows how much your account could grow over the next 25 years if:

- your current annual salary is \$30,000;
- your salary increases 2% each year;
- you contribute either 2%, 6%, or 10% to your plan;

The growth of your account also depends on the rate of return your investments earn. The chart assumes your investments earn 8% each year.

## 401(k) Account Value in 25 Years

	Saving Through Retirement Plan	Saving Outside Plan
2% Contribution	\$56,245	\$42,155
6% Contribution	\$168,735	\$126,465
10% Contribution	\$281,225	\$210,776

The table at the left compares how much your account could grow if you invest in the plan versus outside of the plan. In addition to the tax advantages shown on the previous page, the retirement plan also provides tax-deferred growth which means you do not pay taxes on the growth of your investments until you withdraw the money (which could be over your entire retirement). If you invest outside of the plan, however, you must pay taxes on the growth of your investments as that growth happens. This illustration assumes that, if you invest outside of the plan, 25% of your investment growth will go to pay taxes. Thus, an after-tax growth rate of 6% (75% of 8%) is used when illustrating the growth of investments outside of the plan.

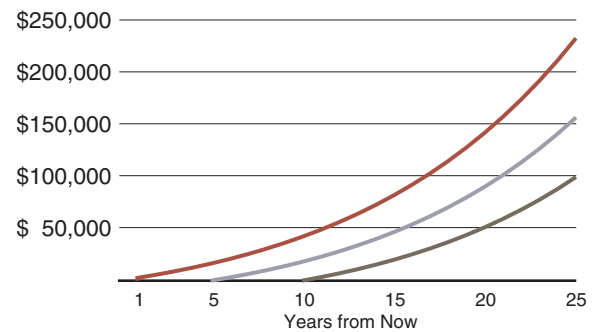
## What if I wait to start investing?

The chart at the right shows how much less you will have in 25 years if you wait 5 or 10 years to start investing. The chart assumes:

- your current annual salary is \$30,000;
- your salary increases 2% each year;
- you contribute 6% to your plan;
- your investments earn 8% each year.

Although this report is based on information about you provided by your plan, it is only preliminary in nature and should not be treated or interpreted as an exhaustive, comprehensive analysis of your total financial situation. In addition, the investment returns and other assumptions used in this report are for illustrative purposes only and are not predictive of the future. None of the assumptions used in this report are guaranteed. It is up to you to periodically review where you are along the road to retirement. You might find that you have more or less money than you had anticipated.

### Account Value



### 401(k) Account Value in 25 Years

Starting Now	\$224,980
Waiting 5 Years	\$151,436
Waiting 10 Years	\$96,174



**Plant the seeds of your retirement. Sign up for the 401(k) plan today at <http://www.theplansite.com>, or call 1-800-555-1212.**