LPL Financial

Your Employer-Sponsored Retirement Savings Plan

Plan Now for the Life You Want in Retirement

Retirement: A New Beginning

Today's Retirement Can Last Longer Than Ever Before

Your retirement could last:

10

15

20

25 years or longer…

How Much Will You Need?

Have enough set aside to provide 70% to 100% of your final year's salary each year during retirement.

Salary at retirement: $75,000

70% = $52,500

80% = $60,000

90% = $67,500

Inflation Keeps on Going — Your Income Needs to Keep Up!

	Cost Today	Cost in 20 Years
Gallon of milk	$4.00	$7.22
Haircut	$45	$81.28
Running shoes	$100	$180.61
New car	$35,000	$62,214

Assumes a 3% annual inflation rate, which cannot be guaranteed. This hypothetical example of mathematical principles is used for illustrative purposes only.

How Much Does It Take to Provide 70% of Income for 25 years?

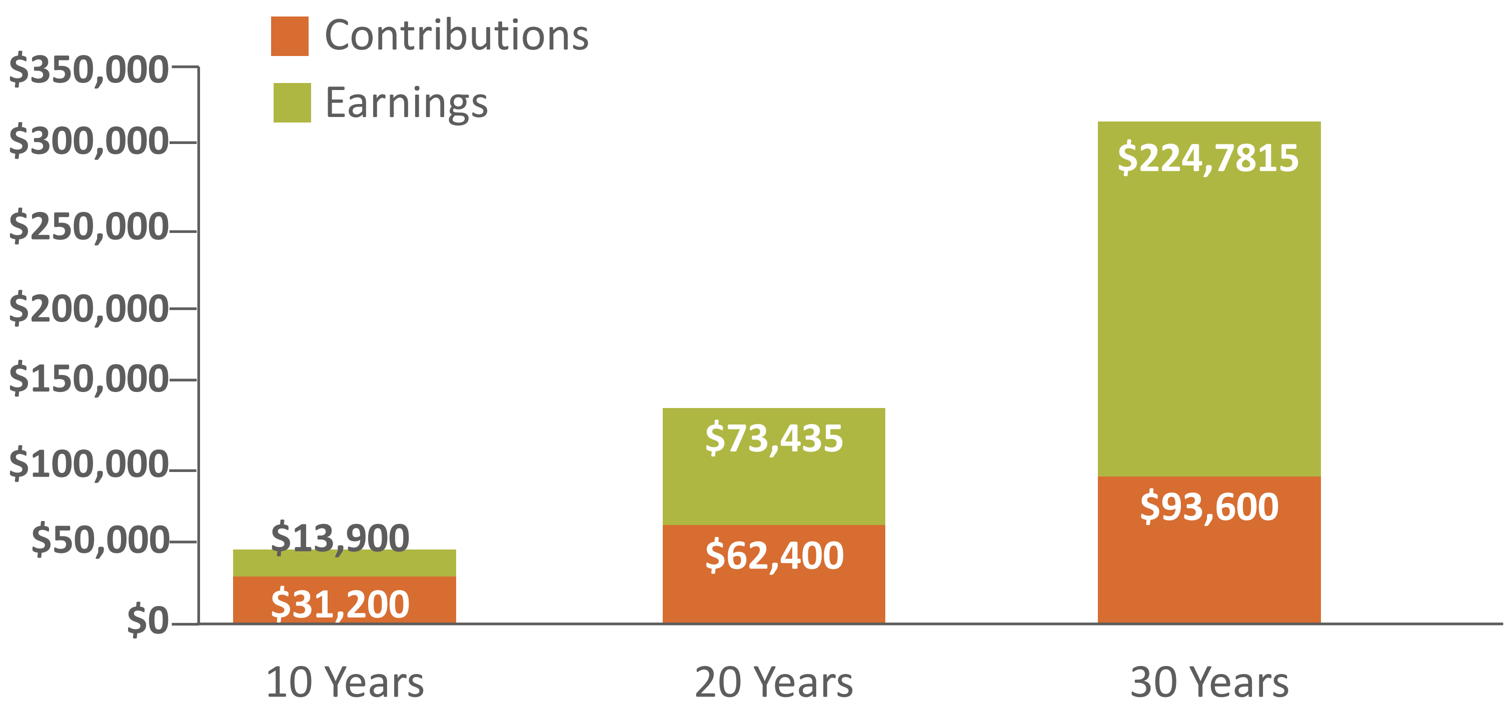
Current Salary	Years Until Retirement		
	10	20	30
$40,000	$822,189	$1,104,953	$1,484,965
$60,000	$1,233,284	$1,657,430	$2,227,448
$80,000	$1,644,378	$2,209,907	$2,969,930

Figures are hypothetical, for illustrative purposes only, and do not represent the performance of any specific investment. They assume that salary rises each year until retirement by 3%, a 3% inflation rate, and a rate of return during retirement of 4% per year. Actual inflation and returns will fluctuate over time and cannot be guaranteed. Taxes and fees are not considered. If they had been, the amount needed would have been higher.

Won’t Social Security Provide What I Need?

- May help as one source of income
- Intended to be a safety net

Why Start Now? Compounding!



This hypothetical example shows the results of investing $120 in a retirement savings plan every other week. It is used for illustrative purposes only and does not represent the performance of any specific investment. It assumes a 7% annual rate of return, which of course cannot be guaranteed. All investment strategies involve risk, including the possible loss of principal, and there can be no guarantee that any investing strategy will be successful. Examples do not take into account the effects of taxes and fees, which would reduce the performance shown. Withdrawals are subject to ordinary income tax. Early withdrawals prior to age 59½ will be subject to a 10% penalty tax, unless an exception applies. Actual results will vary.

The Benefits of Participating in Your Retirement Savings Plan

Why Save Through Your Retirement Savings Plan?

1 Convenience

2 Tax advantages

3 Investment choice

Reason #1: Contributing Is Convenient

- Automatic payroll deduction
- Pay yourself first
- What you don’t see, you won’t spend

Employer Contributions

- <Optional slide>
- <Summarize contribution and vesting details>

Reason #2:
Your Plan Offers Tax Benefits

- Potential tax advantages both now and in the future, depending on plan type

Tax Benefit: Pre-tax Contributions

	Employee 1	Employee 2	
Bi-Weekly Pay	$2,000	$2,000	
Plan Contribution	$0	$120	Amount Invested: $120
Taxable Pay	$2,000	$1,880	
Taxes Paid	$440	$414	Immediate Savings: $26

This example assumes a 22% federal tax rate an a 6% plan contribution, and has been simplified for illustrative purposes. Your results will differ based on your unique circumstances.

Tax Benefit: Tax-Free Withdrawals

- Roth account
- No up-front tax benefit; contributions made in after-tax dollars
- Qualified withdrawals of earnings are tax free

Tax Benefit: Tax-Deferred Growth

- No annual tax filing
- More of your earnings go to work for you
- Possible tax penalties

Reason #3: Investment Choice

- Plan offers a mix of various investments
- Allows you to put together a portfolio that’s right for you
- <Or you may choose a “one-stop-shop” type of investment>

Choosing Investments for Your Retirement Savings Strategy

Types of Investments

- Diversification: putting together a mix of investments
- Investments can typically fit into one of three asset classes:

Stocks	Bonds	Cash
Higher Risk, Higher Potential reward	Moderate Risk, Moderate Potential Reward	Lower Risk, Lower Potential Reward

All investment strategies involve risk, including the possible loss of principal.

About Mutual Funds

- Bring together the money of many different investors
- Hold a mix of individual stocks, bonds, and/or cash
- Automatic diversification
- Choose investments based on objective

No investment strategy, including diversification, can ensure a profit or guarantee protection against a loss in declining markets.

Before investing in a mutual fund, make sure you understand the fund's objectives, risks, fees, and expenses. This information can be found in the fund's prospectus, which should be read carefully before investing.

Examples of Fund Objectives

Typical objective	Description	Invests in	Risk level
Growth	Growth of investment dollars over time (can be more or less aggressive	Mainly stocks	Tend to offer higher long-term average returns, but carry most risk of loss
Income	Provide stream of income over time	Mainly bonds	Generally fall in the middle of the risk/return spectrum
Capital Preservation	Help preserve investment dollars	Cash alternative investments and lower-risk bonds	Most conservative offerings in the plan; tend to offer lowest returns

Choosing Investments: Asset Allocation

- How you divide your investment dollars among the three asset classes
  - ✓ Example: 75% growth, 15% income, 10% cash

Investment Mix

Your savings goal, time horizon and risk tolerance help to determine your investment mix.

All investment strategies involve risk. Asset allocation cannot guarantee a profit or eliminate the potential for loss, including the loss of principal.

Tools to Help You Decide

Goal-Setting Worksheet

Years until retirement	5	10	15	20	25	30	35	40
Factor A	1.16	1.34	1.56	1.81	2.09	2.43	2.81	3.26
Factor B	4.90	9.58	14.03	18.27	22.32	26.11	29.94	33.34

How much might you need to retire? Use this worksheet to help target a total accumulation goal.

	Example	You
1. How much is your current income?	$60,000	1. $______
2. Multiply this amount by .80. This is an estimated annual income in retirement, in today's dollars, based on 80% of your current income. (Or enter a different amount, if you choose. Most experts suggest 70% to 100% of your current annual income.)	$40,000	2. $______
3. How much might you receive from Social Security each year, in today's dollars? Visit www.socialsecurity.gov to estimate your Social Security income.	$23,000	3. $______
4. How much might you receive each year from other sources, in today's dollars, such as pension income?	$0	4. $______
5. Add lines 3 and 4. This is your total estimated annual income, in today's dollars, from other sources.	$23,000	5. $______
6. Subtract line 5 from line 2. This is your estimated income gap, which you will need to make up from your retirement savings.	$17,000	6. $______
7. How many years until you retire?	20 years	7. ______
8. Find the corresponding factor from Factor A (above) and enter it here.	1.81	8. ______
9. Multiply line 6 by line 8. This is the amount that your savings will need to generate in year one of your retirement.	$30,770	9. $______
10. How long do you expect your retirement to last?	25 years	10. ______
11. Find the corresponding number from Factor B (above) and enter it here.	22.32	11. ______
12. Multiply line 9 by line 11. This is the target amount you may need to accumulate by the time you retire.	$686,786	12. $______

This worksheet assumes that inflation rises at an average of 3% per year both before and during retirement. It also assumes that your investments grow at an average of 6% per year before retirement, and 4% per year during retirement. Such assumptions are hypothetical and cannot be guaranteed.

This worksheet is not meant as advice, but as a way to provide a general estimate for illustrative purposes. Your specific goal should take into consideration your total family income, your current and expected assets, and other unique circumstances. A financial professional can help you calculate a goal that is specific to your particular situation. There is no assurance that working with a financial professional will improve investment results.

Risk Tolerance Worksheet

The following worksheet may help you assess your ability to take on investment risk in pursuit of long-term goals. Answer each question, then tally your results at the end.

1. When making a long-term investment, I plan to hold the investment for:
   a. 1 to 2 years *(1 point)*
   b. 3 to 4 years *(2 points)*
   c. 5 to 6 years *(3 points)*
   d. 7 to 8 years *(4 points)*
   e. 9 to 10+ years *(5 points)*
2. If you owned an investment that fell 20% over a short period of time, what would you do?
   a. Sell all of the investment *(1 point)*
   b. Sell a portion of the investment *(2 points)*
   c. Sell nothing *(3 points)*
   d. Buy more of the investment *(4 points)*
3. Generally, I prefer an investment with little or no fluctuation in value, and I am willing to accept the lower return associated with this investment.
   a. I strongly agree *(1 point)*
   b. I agree *(2 points)*
   c. I disagree *(3 points)*
   d. I strongly disagree *(4 points)*
4. When it comes to investing in stocks and bonds, I would describe myself as a:
   a. Very inexperienced investor *(1 point)*
   b. Somewhat inexperienced investor *(2 points)*
   c. Somewhat experienced investor *(3 points)*
   d. Experienced investor *(4 points)*
   e. Very experienced investor *(5 points)*
5. How optimistic are you about long-term prospects of the economy?
   a. Pessimistic *(1 point)*
   b. Unsure *(2 points)*
   c. Somewhat optimistic *(3 points)*
   d. Optimistic *(4 points)*
6. What do you hope your account value will be 10 years from now?
   a. A little higher that it is today *(1 point)*
   b. Moderately higher than it is today *(2 points)*
   c. Substantially higher than it is today *(3 points)*

Points

1. ______
2. ______
3. ______
4. ______
5. ______
6. ______

Total Points:

Retirement Savings Goal Score:

Score	Investor Type	Description
6-12	Conservative	In general, a conservative portfolio will invest heavily in bonds and stable value/cash alternatives. The primary goal is to preserve principal.
13-18	Moderate	A moderate portfolio will generally attempt to balance income and growth by allocating significant investment dollars to both stocks and bonds.
19+	Aggressive	An aggressive portfolio will typically tend to concentrate heavily in stocks, focusing on potential growth.

This tool is not intended as investment advice, but rather as a guide to help you assess your risk tolerance. A financial professional can help you understand how your results relate to your investment choices. There is no assurance that working with a financial professional will improve investment results.

Summary

- Retirement has changed, is longer than ever before
- Most people will need a large nest egg to live comfortably in retirement
- View Social Security as a safety net
- Compounding and time can work for you
- Your retirement savings plan can become an important element in your planning
  - ✓ Convenience
  - ✓ Tax advantages
  - ✓ Investment choice
- Three key factors contribute to your asset allocation decision

Enroll Today

Thank You

Disclaimer

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

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