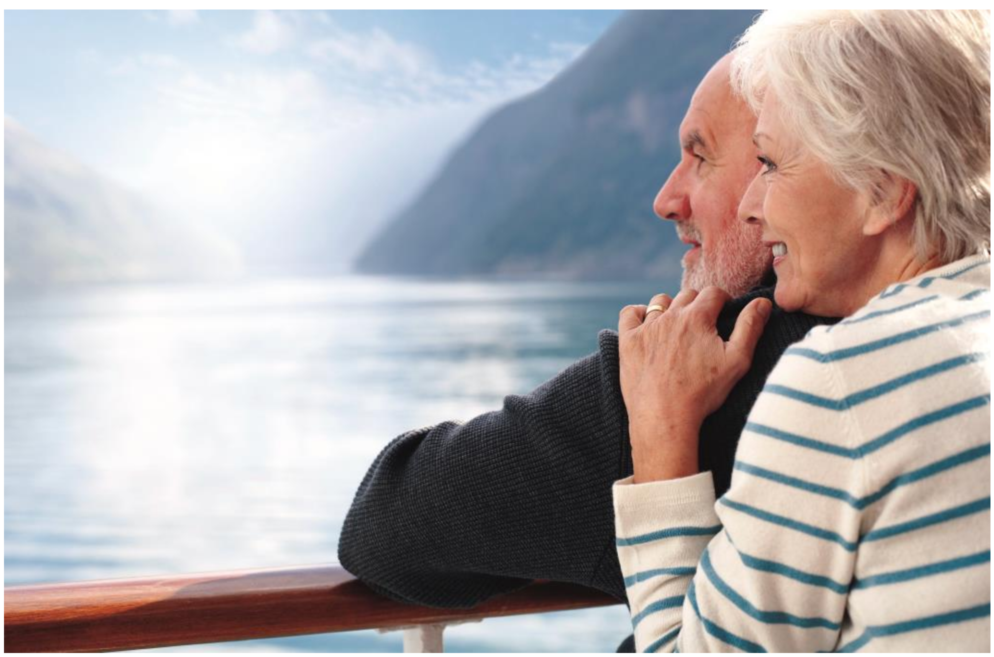
PREPARING FOR A SATISFYING RETIREMENT



Strategies to Help Get the Most Out of Your

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401(k) Retirement Plan

Many Americans worry about saving enough for the future and may not understand how to fully take advantage of their employer-sponsored retirement plan. We created this special report to help you make the most of your saving and investing opportunities and help improve your prospects for a comfortable retirement.

Preparing For a Comfortable Retirement

STRATEGIES TO HELP GET THE MOST OUT OF YOUR 401(K) RETIREMENT PLAN

INTRODUCTION

Many Americans are worried about financial security in retirement. An employer-sponsored retirement plan is one of your most powerful tools for pursuing a comfortable retirement. The money you invest in your 401(k) has tax deferred growth potential and generally only becomes taxable once withdrawals begin in retirement. By making pre-tax contributions to your retirement plan, you also reduce your income each year, helping to lower your annual tax bill.

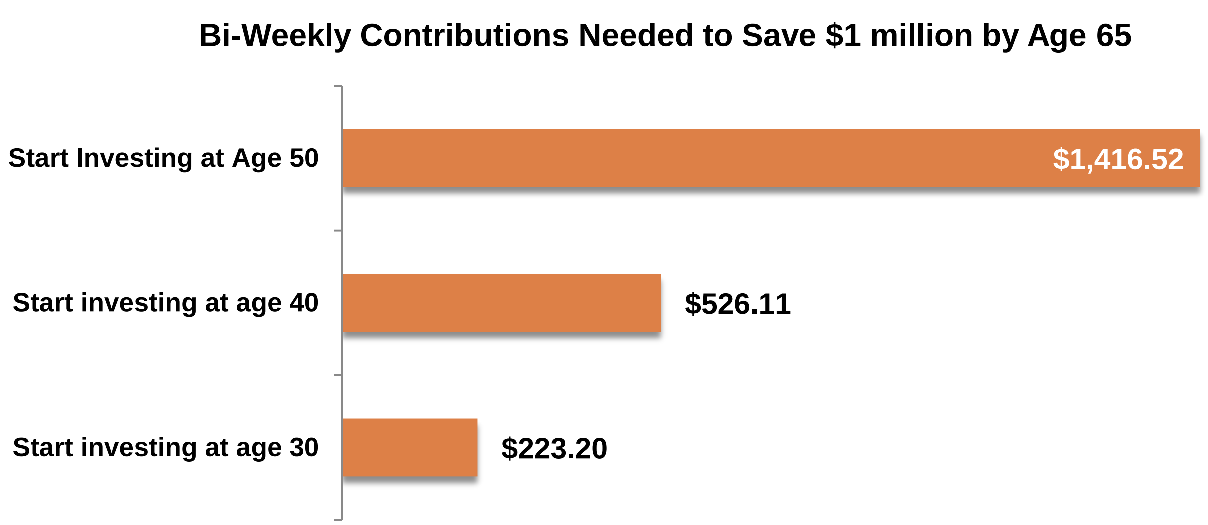
Even if your retirement is years away, some advance strategizing now will help you evaluate your current savings, estimate how much you'll need to save for a comfortable retirement lifestyle, and help you remedy any potential income shortfalls.

We developed this guide to help you or a loved one understand the steps involved in preparing for retirement and making the most of your options if you contribute to a

401(k) retirement plan.

MAXIMIZE YOUR RETIREMENT PLAN CONTRIBUTIONS

When you enrolled in your retirement plan, you might have opted for the default contribution amount, which is often too low a savings rate to give you a comfortable nest egg. Research shows that most plan participants do not change their default contribution amount and that most workers need to increase their annual contributions by 5 to 10 percent above their current savings rate.[1] If you save too little, or start saving too late, you risk reaching retirement age without enough savings. The chart on the next page shows the hypothetical bi-weekly savings needed to build a $1 million nest egg by age 65.



This is a hypothetical illustration that assumes 8% compound annual growth over 35, 25, and 15 years. It does not include the effects of fees, inflation, taxes, or the timing of investment returns. All rates of return are hypothetical and do not represent any particular investment. There is no guarantee that an 8% rate of return can be achieved.

Many employers provide matching contributions to your account, usually matching between 50 percent and 100 percent of your contributions up to a certain limit. By taking advantage of your employer's extra contributions, you can dramatically increase your savings over time. A good rule of thumb is to contribute (as a minimum) at least enough to get your full employer match. For example, if your employer matches up to five percent of your salary, you'd be giving up free money by contributing any less.

One of the savviest moves you can make as an investor is to increase your contribution rate to your retirement plan as much as you can. If you haven't reviewed your contributions recently, a financial representative can help you understand how much you are allowed to contribute and how to boost your savings rate while still living a comfortable lifestyle now.

It can be hard to suddenly increase your contribution rate, which is why we recommend taking a gradual approach and increasing your deferrals each year. We recommend that you save at minimum 10 percent of your salary, and gradually increase contributions to 15 or 20 percent as you approach retirement.

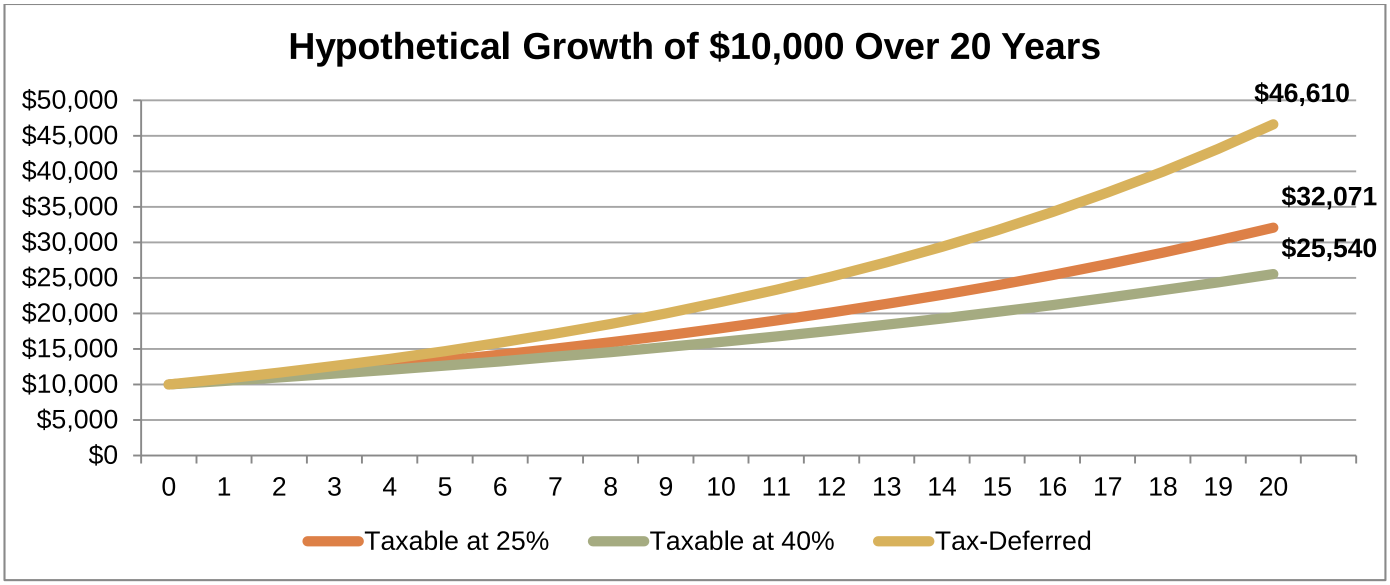
Annual Contribution Limits for 401(k) Plans

In 2014, you can contribute up to $17,500 to your 401(k) account. If you

We also recommend using windfall events like bonuses, tax refunds, or other sudden infusions of cash to grow your nest egg. A Traditional or Roth IRA can be an excellent complement to your 401(k) plan and give your savings the benefits of tax-deferred growth potential.

Time and tax-deferred growth can be two critical ingredients to long-term financial success. Taxes can take a big bite out of investment returns, which is why it makes sense to use the tax advantages of your qualified retirement accounts to save money for the future. The benefits of compound growth and tax deferral mean that small, consistent contributions have the potential to grow significantly over time.

The chart below shows the hypothetical growth of $10,000 growing at 8 percent per year in three possible tax scenarios. Money that is invested in taxable accounts grows significantly less each year because of the effects of taxes on your returns. Depending on your tax bracket, the difference can be significant.



This is a hypothetical illustration that assumes 8% compound annual return over 20 years. It does not include the effects of fees, inflation, taxes on withdrawals, or the timing of investment returns. All rates of return are hypothetical and do not represent any particular investment. There is no guarantee that an 8% rate of return can be achieved.

Eventually, you will have to pay taxes on withdrawals from your retirement plan. However, many Americans find themselves in a lower tax bracket during retirement and pay less in taxes. If you believe that you are currently in a lower tax bracket now than you will be in retirement, you may want to speak to a financial representative about contributing to a Roth IRA or other after-tax retirement savings account.

As you approach retirement, the IRS allows you to contribute more to your retirement plan. These “catch-up” contributions are a great way to boost your savings at the point in your career in which you’re likely making the most money.

Quick tips for Boosting Contributions:

-Increase your salary deferral every time you get a raise

-Create a budget and minimize unnecessary expenses to leave extra room for

UNDERSTAND YOUR PLAN FEATURES

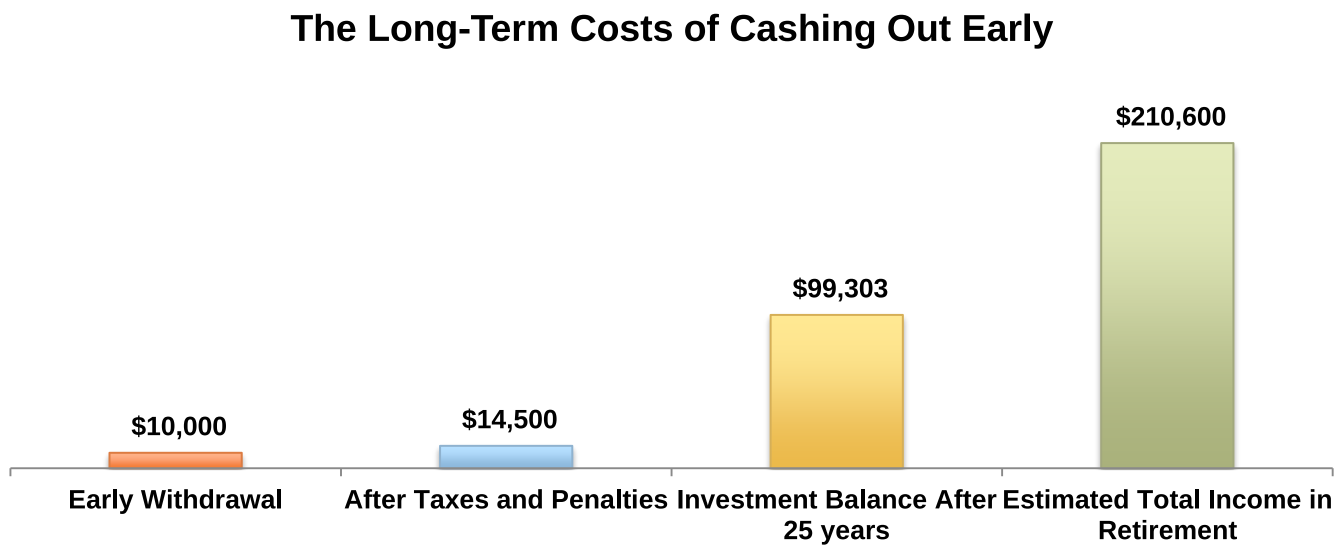
Every 401(k) plan is a little different, and it’s important to learn about the different plan options available to you. Your plan administrator will be able to provide you with details about vesting schedules, loans, investment options, and any limitations to withdrawals that you should know about. A financial representative can help you review this document to be sure that you understand it fully.

If you're not happy with the investment options available to you, your plan may allow in-service withdrawals, which would allow you to move your tax-deferred funds to outside accounts, like an IRA, which may offer you a wider variety of investment options. Not all plans allow this type of distribution and there are some complicated rules to consider, so it's a good idea to speak to your plan administrator and a financial representative who can help you weigh the benefits and drawbacks of your options.

KEEP YOUR SAVINGS INVESTED WHEN YOU SWITCH EMPLOYERS

When you leave an employer, you have a couple of basic options available to you: if allowed, you can leave your plan with your old employer; you can roll it over into an IRA or plan at your new employer; or you can cash it out. It can often seem simpler just to take a check rather than wrestle with complex paperwork, especially if the account balance is small, but this option will cost you a lot in taxes and penalties. Worse, it will potentially rob you of income in retirement.

For example, if you were to take out $10,000 from your retirement account at age 40, you'd have to pay taxes and penalties on your withdrawal ($4,500 in our example below). In 25 years, that $14,500 investment could grow to $99,303 (8% compound annual growth), and potentially provide you with $210,600 in income during your retirement. This is a very simple example that leaves out factors like fees, but it serves to illustrate our point: early withdrawals can drastically lower your future retirement savings.



This is a hypothetical illustration that assumes a total tax rate of 35% and a 10% early withdrawal penalty. The growth calculation assumes 8% compound annual growth for 25 years before retirement, 6% compound annual growth in retirement, and 30 years in retirement. This example does not include the effects of fees, inflation, the timing of investment returns, or taxes on withdrawals in retirement. All rates of return are hypothetical and do not represent any particular investment. There is no guarantee that an 8% rate of return can be achieved.

If you no longer want to keep your plan at your old employer, the easiest way to avoid temptation is to transfer your money to your new employer or roll it over into an IRA. Talk to your employer and plan administrator to be certain that you understand timelines for moving your money and the relevant regulations regarding transfers and rollovers. A financial representative can help you develop an investment strategy for your rollover assets.

IRS Rollover Regulation Change

The IRS recently changed its rules regarding IRA rollovers, and will now only allow one 60-day IRA rollover per taxpayer every

DEVELOP A LONG-TERM FINANCIAL STRATEGY

One of the best ways to help you stay on track for retirement is to develop a financial plan that takes into account your current financial circumstances and future goals. A long-term strategy can help you map out important milestones like a house purchase, a child's college expenses, your future retirement, and help ensure that you are putting enough away for your future goals. A disciplined investment strategy can also help you avoid the pitfalls of emotional investing, which often cause investors to make potential mistakes like investing in high-performing investments or pulling out when markets decline. These errors can have a big effect on your long-term investment returns.

Strategizing early makes it easier to prepare for important future goals and identify any potential savings shortfalls that could create problems later. A financial representative can help you develop a strategy around your personal goals that includes a prudent investment strategy.

UNDERSTAND INVESTMENT RISK & TIME HORIZON

Investors need different investment strategies at different points in their career. Asset allocation is an investment strategy designed to help balance risk and return by adjusting the allocation, or percentage, of different investment types in your portfolio according to your age, goals, risk tolerance, and other factors. Though no investment strategy can guarantee profits or completely protect you from losses, a prudent allocation strategy can help you manage risk while pursuing investment returns.

Should You Borrow From Your 401(k)?

Many employees have access to loans from their workplace plan. If you have significant amounts of high-interest debt, it may make sense to borrow to pay down your debt. However, there are several potential downsides to consider. The money you borrow will no longer be invested, robbing you of potential growth. You will also have to repay the

If you have many years of employment ahead of you, you may want to consider a more aggressive investment strategy that offers higher potential returns. As you get closer to retirement, your needs and ability to absorb risk will change, and it's important to review your investment strategy and make changes, if necessary. Over time, market performance will cause alterations in the respective values of your different asset classes, creating the need for adjustments and rebalancing to bring your portfolio back in line with your target allocation. It's a good idea to review your investment strategy at least annually or whenever your needs change.

Most 401(k) plans offer asset allocation options to suit a variety of ages, risk tolerances, and investment goals. A financial representative can help you review your options and help ensure that your investment allocations fit your overall financial strategy.

TRANSITIONING TO RETIREMENT

If you're thinking about retiring soon, you probably have many questions. Many Americans aren't sure about when they can afford to retire and how large their retirement nest egg will need to be. When you're evaluating the decision to retire, consider the following:

- **Retirement finances.** In order to retire, you'll need to be able to cover your retirement living expenses through your retirement savings, Social Security benefits, and other sources of income. 80%–100% of current income replacement is a good target.
- **Health and longevity expectations.** Your current health, family medical history, and lifestyle can help you estimate how long you might expect to live in retirement and how much you should budget for healthcare expenses.

- ☐ **Spousal age and status.** If you're married, work together with your spouse to determine a retirement timeline that suits both of your needs.

- ☐ **Eligibility for benefits.** Work with your employer to understand your full benefits, including any health insurance coverage that can bridge the time until you and your spouse become eligible for Medicare.

Running the Numbers on Retirement

If you're worried about having enough put away to retire, you're not alone. Many Americans worry about outliving their assets and want to know how much they need to have saved before they can safely retire.

You can get a head start on your retirement income strategizing by asking yourself the following questions:

- What will my monthly retirement living expenses be?
- How much monthly income can I count on from Social Security and other sources?

The decision about when to retire depends entirely on your personal circumstances and a financial representative can help you understand how your age, finances, health, and sources of income factor into retirement strategizing calculations.

HOW CAN A FINANCIAL REPRESENTATIVE HELP ME?

Regardless of what stage of life you are currently in, prudent financial strategizing can help you set financial goals and build strategies to work towards them. For most Americans, a comfortable retirement is their primary objective, and we can help you ensure that your savings and strategies are on track. However, financial advice is also very useful for other important milestones like the purchase of a house, a college education, or the elimination of debt.

In our experience, one of the greatest benefits of working with a financial representative is the reassurance of knowing that you have a knowledgeable professional on your side. Many Americans have complex finances and professional guidance can help you be better prepared to meet the future. We offer a range of services that can help you eliminate debt, save for the future, and protect your family from the unknown.

NEXT STEPS

We hope you've found this guide informative, educational, and, most of all, reassuring. While benefits and retirement plans can be complex, taking action on a few of the steps we've outlined could make a big difference for the future. We want to present ourselves as a resource to you and your family as you prepare for retirement. It's common to have questions and concerns, and we are happy to answer any questions you may have about your personal financial situation or future goals.

In the information packet that you received, you will find a brochure, and a contact form. Please fill it out to receive a free consultation at any time. If you have any questions about the information presented in this report, please contact us. We would be happy to be of service to you and your family.

Sincerely,

John R. Bellingham

Footnotes, disclosures and sources:

Securities and Investment Advisory services offered through Geneos Wealth Management, Member FINRA/SIPC.

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[1] "Overcoming participant inertia." Prudential. http://research.prudential.com/documents/rp/Automated_Solutions_Paper-RSWP008.pdf [Accessed 15 April 2014]