

## Where to Stash Your Cash

No one expects to experience a serious illness or car wreck. That's why you need an emergency fund—to pay for financial surprises without the potentially high fees or penalties involved with charging a credit card or tapping your retirement savings.

An emergency fund should cover at least three to six months of living expenses and be kept in accounts that don't involve taxes or penalties on early withdrawals, such as a high-yield savings account. While certificates of deposit may offer higher interest rates, they usually require that savings be locked up for a specific time period to avoid penalties.<sup>1</sup> Similarly, if you tap retirement accounts before age 59½, you may pay a 10% penalty in addition to ordinary income taxes, reducing the size of your nest egg.<sup>2</sup> ■

<sup>1</sup> Certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.

<sup>2</sup> The 10% early withdrawal penalty does not apply to 457 plan withdrawals.

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# FINANCIAL FOOTNOTES

## Exciting Newsletter Enhancement Coming Next Quarter



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Please note: This newsletter does not constitute investment or financial-planning advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

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To help make your quarterly newsletter more useful and valuable, Great-West Financial<sup>SM</sup> will begin delivering it in an interactive, electronic format. This enhancement will go into effect next quarter, which means that when you get your fourth quarter statement, you will not receive a printed version of the newsletter. Instead, you will be given instructions on how to access the new and improved electronic version through your plan's website.

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The benefits you can expect from the enhanced online newsletter include:

- Improved experience with dynamic links to interactive resources
- The ability to take immediate action on the information provided

### An Enhanced Interactive Experience

A printed article may not provide maximum value to readers due to the space limitations and static nature of a print newsletter. In the electronic world, that challenge is eliminated, and the flexibility to provide links to additional resources—like calculators or videos—becomes a reality. You'll have the opportunity to receive and use information in a new way, along with the interactivity to further explore topics that interest you most.

### More Convenient Account Management

The electronic newsletter will allow you to “act now,” based on the education you receive. Because you are already online and logged into your account when you access the newsletter, you can quickly and easily navigate to the transactional area of your plan's website to manage your account and improve your overall retirement readiness.

Even with the move to an electronic format, Great-West Financial recognizes the different preferences people have when it comes to receiving this type of retirement education. As such, the electronic version of the newsletter will be available in a print-friendly PDF format for those who prefer a hard copy.

So when you receive your fourth quarter statement, don't ask “What's missing?” Instead, follow the directions on how to access the enhanced electronic newsletter so you don't miss out on the new and improved version. ■

Access to the website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

## New-World Retirement Planning



*Some trends make it trickier to save for the future*

Today's economic environment presents unprecedented challenges for investors. In light of changing circumstances—lower expected stock market returns and interest rates, longer life expectancy, a ballooning federal deficit—you may want to revisit the following long-standing assumptions.

### Retirement Age

**Old assumption:** I'll pick a retirement date based on my age.

**New approach:** I'll base my retirement date on the size of my nest egg—and maybe I'll work part-time after retiring from my full-time job. With life spans increasing, you'll need a substantial nest egg because your savings may need to support you and/or your spouse in retirement for three decades or longer.

### Investment Returns

**Old assumption:** My portfolio will grow every year.

**New approach:** In the future, my investment returns may be more modest. So, I'll have to boost my savings rate to reach my goal. With many economic challenges out there, saving as much as you can is a good idea.

### Social Security

**Old assumption:** The government won't make any changes to Social Security retirement benefits because they're an untouchable, important part of the American political system.

**New approach:** Politicians from both parties are now talking about the possibility of reducing future Social Security benefits. Proposed changes have included a later retirement date for Americans currently under age 50 and smaller annual inflation adjustments to benefits. ■