FINANCIAL FOOTNOTES

Retirement Planning Newsletter Summer 2016

In spite of its reputation for long and lazy days, summer for you may look more like a frenzy of activity. As you head into the season preparing for vacations, camp and family reunions, you may want to take some time to think about your finances. After all, the better you understand them and address any issues now, the more prepared you will be for the seasons ahead.

Rx: Seven steps to financial wellness

Good health is core to your decisions about money

As any wise person will tell you health is wealth. The irony is that the opposite is also true — a growing body of research suggests that financial problems actually can lead to health issues.

Financial stress has been shown to cause anxiety, migraines, sleep disorders and other physical ailments like high blood pressure and heart disease.[1] And it's not a rare occurrence, either. A 2012 survey by the American Psychological Association (APA) showed that 69% of American adults felt that money worries created a significant cause of stress — higher than any other single stress factor.[2] While this statistic was down slightly from the 80% of Americans who felt this way in 2008-09, it remains persistently high.[3]

Some psychologists have coined the term Money Anxiety Disorder (MAD) to describe a condition of constant worry and unease about money. The emotions that arise from worrying about money can lead to health issues affecting job performance, relationships, and feelings about work-life security.

Continued on Page 3

What triggers financial stress?[2]

Not all people react the same to financial roadblocks, but there several major causes of money-related stress:

- Fearing possible job loss
- Comparing your financial situation to others — being anxious of "having enough"
- Growing debt

1 "Debt Stress: The Toll Owing Money Takes on the Body," AP-AOL Health Poll, April 2008.

2 "Highlights of APA Stress in America™: Missing the Health Care Connection," American Psychological Association, 2012. http://www.apa.org/news/press/releases/stress/2012/report-summary.aspx

3 "Stress in America," American Psychological Association, October 7, 2008. https://www.apa.org/news/press/releases/2008/10/stress-in-america.pdf

EMPOWER RETIREMENT™

Two ways to increase contributions

You've heard it before and you know it just makes sense: if you want the potential to have more money when you reach retirement, consider saving more money. Sounds simple, doesn't it?

Really, though, life can get in the way of even the most sensible plans. The car breaks down, the A/C goes out, and you're still paying off those student loans; how can you find more money to put into your retirement plan?

Here are a couple of ideas to get you started. Remember, contributing early and being consistent are two of the most important steps you can take in saving for your future.

Bump up your contributions — just a little bit

Maybe you aren't in a position to set aside an extra $1,000 per month toward your retirement. If you are, great. But if you're like most people, finding that kind of money left over in your budget each month is more dream than reality.

Don't give up, though. By bumping up your plan contributions just a little, you may make a big difference for your future. Consider the chart to see how a small increase in your contribution level could mean more money over time. The contributions amounts here are based on a $30,000 annual salary.

A small increase makes a big difference

Contribution Increase	Savings After 10 Years	20 Years	30 Years
1% ($25)	$5,099	$17,863	$47,775
2% ($50)	$10,180	$37,048	$102,289
3% ($75)	$15,270	$55,571	$153,433
4% ($100)	$20,360	$74,095	$204,578
5% ($125)	$25,451	$92,619	$255,723

Source: Kmotion, Inc. 2016. Assumes a hypothetical 8% annual rate of return.

FOR ILLUSTRATION ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, or any specific security, plan, or account.

Go ahead: Play with the match

We're going to risk taking a contrary position on this one; we'd like to suggest that playing with a match can be a great thing. In fact, if your plan offers one you are in an excellent position to light a fire under your retirement savings.

Consider this:

- If your employer makes a 2%, 4%, or 6% contribution to your retirement account, you can, in effect, earn an extra 2%, 4% or 6% per year on your savings — if you take advantage of it. Each of those rates is at least twice the interest a typical savings account has been paying over the last several years.

  Source: https://www.fdic.gov/regulations/resources/rates/previous.html-As of April 2016, the national average savings account interest rate is only 0.06 percent for all balances, according to the FDIC.

- Try this visualization: Let's say you earn $50,000 and contribute 6% to your plan each year. That's $3,000 per year. For a plan that matches 50% of your contributions up to 6%, the matching contribution would be $1,500 per year. Do you really want to leave that behind?

Continued on Page 3

Two ways to increase contributions *(continued from Page 2)*

Remember, any matching contribution provided by your plan may be subject to a vesting schedule, which tells you how much of the match you "own." Vesting is based on the terms of your retirement plan but, for example, vesting can be 100% immediate, 100% after three years of service, or 20% per year of service after the first year. You can find out how your plan defines a Year of Service and take a look at your plan's vesting schedule by asking the plan administrator or reviewing plan materials.

Where will the extra money come from?

Think of finding the extra money to contribute to the plan as a grown-up game of hide-and-seek. Your dollars are hiding, and it's your goal to find as many of them as possible. Try looking in these common places:

Get a better deal

Event	Monthly Amount Saved	Potential Balance if Invested for 25 Yrs at 8%
Shop around for a better cell phone plan	$15	$14,266
Find a lower car insurance premium	$50	$47,868
Refinance mortgage	$150	$143,605

FOR ILLUSTRATION ONLY. This illustration is hypothetical and is not intended to reflect the actual performance of any investment or investment strategy. Actual investments will move up and down over time. This illustration assumes an 8% annual rate of return, compounded monthly, with investments made at the beginning of each period.

Rx: Seven steps to financial wellness *(continued from Page 1)*

How to face health-related money anxiety

Many Americans resort to unhealthy or excessive eating and drinking to cope with financial stress. Health experts warn this can lead to long-term health issues, and instead recommend regular exercise, sticking to a healthy diet and deep breathing exercises, which has a proven calming effect on the central nervous system.

De-stressing about money

Financial experts often suggest taking a direct approach to understanding your relationship with money and better managing your financial stress. Some recommend taking one or more of the following steps that can help lead to improved financial wellness:

1. **Understand the role of good health in your life**
2. **Prioritize your savings and control your spending**
3. **Budget** – You cannot manage your finances without a plan.
4. **Plan for life events** – Experts suggest setting aside specific buckets for near-term emergencies, education and long-term retirement.
5. **Find a trusted source for advice.**
6. **Get the most out of the benefit programs you're offered at work.**

Following these guidelines can help you put financial wellness in the right perspective. Ultimately, the goal should be to know how to deal honestly with your feelings about money in ways that don't compromise your health.

Making a choice for your future

Every day we face many choices. One decision point for many people comes when money gets tight. You may consider stopping your contributions to your retirement plan to take care of another financial need. You may not see another option and in some cases it might be necessary. But considering the possible long-term effect to your retirement savings, be sure you get back in the plan as soon as you can.

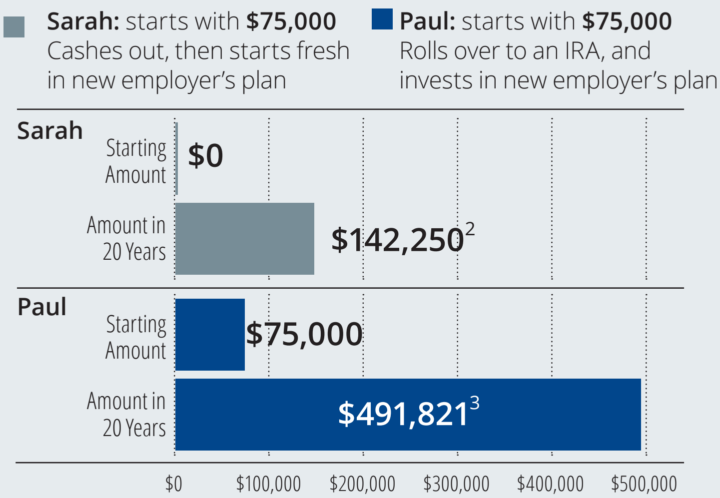
Another decision point comes with a job change: you must decide what to do with your retirement plan account. Should you leave it where it is? Should you move it into your new employer's plan or an IRA? Or should you cash it out?

When you compare the pros and cons of each of these choices, your decision may become clear. You may need the advice of a financial planning professional to help you see potential problems and benefits with each option. Or, you may prefer to do some research on your own. To get you started, consider these concepts:

- Your current plan may not allow you to keep your money invested. Check with the plan administrator to find out if you can leave it there or if it has to find a new home.
- If you do decide to move your account, make sure you follow the rules. Talk to your plan's administrator to learn more. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or investment options.
- Cashing out may be tempting, but consider the potential impacts to your income taxes and long-term retirement savings. Talk to your financial and tax advisor about the potential impact a cash distribution may have.

To illustrate, compare the results of Paul's and Sarah's choices for their retirement plan account balances. Paul and Sarah are both 45 and have each saved $75,000 in the company retirement plan.

Cashing out vs. staying invested[1]



Upon leaving the company, Sarah decides to cash out her balance, while Paul rolls his money into an IRA. After taxes and penalties, Sarah has only $50,625[4] in her pocket. She starts over in her next employer's plan, and invests for 20 more years.

Paul rolls his $75,000 into an IRA, and also invests in his new employer's retirement plan for the next 20 years. At 65, Sarah has $142,250 in total retirement savings, compared to $491,821 for Paul. That may make a big difference at retirement.

1 This is a hypothetical example and is not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.

2 Assumes a $50,000 annual salary, 6% contribution rate, and 8% rate of return.

3 Assumes an original account balance of $75,000. $50,000 annual salary, 6% contribution rate, and 8% rate of return.

4 Assumes 10% early withdrawal penalty; 25% federal taxes.

What's new with Social Security?

Recent changes in the tax law could affect your benefits

Laws that were enacted as part of the Bipartisan Budget Act of 2015 included several new rules that might affect your Social Security and other tax benefits.[1]

End to "file and suspend" option

Under the IRS file and suspend option, married couples are no longer able to take advantage of spousal benefits and delayed retirement credits at the same time. This option, which allowed a husband or wife to file for Social Security benefits at the same time as a spouse and then suspend them until the mandatory withdrawal age of 70, expired on April 29, 2016.[2]

No restricted application for early retirement

The restricted application, or "file as a spouse first strategy," allowed the lower- earning spouse to receive benefits based on his or her own earnings history while allowing the higher-earning spouse's future benefits to grow. The new law increases the age for which filing for spousal benefits is automatically viewed as filing for one's own retirement benefits from 66 to 70. There is a silver lining for those who turned age 62 by the end of 2015, however — through grandfathering, they can file restricted applications when they become eligible for early benefits in several years.[3]

Bigger Retirement Savings Contributions Credit

Low and moderate income savers who meet IRS requirements may be able to take a bigger tax credit ("Saver's Credit") – of up to $2,000 for singles and $4,000 for couples – for making eligible contributions to an employer-sponsored retirement plan or IRA. To see if you qualify, visit www.irs.gov and enter "Do I qualify for the Retirement Savings Contributions Credit?" in the search box.[4]

Social Security remains an important, but complicated, pillar of retirement income for millions of Americans. Consulting with a financial advisor and regularly checking on how changes to the system may affect your benefits can help you more effectively plan for your financial future.

1 Source: https://www.congress.gov/bill/114th-congress/house-bill/1314
2 Source: https://www.ssa.gov/planners/retire/suspend.html
3 Source: www.ssa.gov
4 Source: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit

Want to receive your account statements electronically? Log in to your account and click on Go Paperless under the My Profile icon.

G3784FF_Summer2016 (04/01/2016) PT269150