Retirement Savings: What's Holding You Back?

American Century Investments®

FINANCIAL FYI®

Start saving for retirement now

It may seem tough to save for retirement when you have today's bills to pay. But the reality is that **YOU** are the most important factor in saving enough money for the retirement you want.

Join the Crowd

81%

of workers expect their employer's retirement plan will be a source of income when they retire.

Source: 2018 Retirement Confidence Survey, Employee Benefit Research Institute.

Gain Confidence by Having a Plan

76%

of workers who **DO HAVE** an employer retirement plan are at least somewhat confident they'll have enough money for retirement.

46%

of workers who **DON'T HAVE** a retirement plan feel the same confidence.

Don't Let Excuses Hold You Back

"I've got plenty of time."

Actually, the longer your money is invested, the greater the potential impact on your savings. See how investing 10 additional years could impact your retirement.

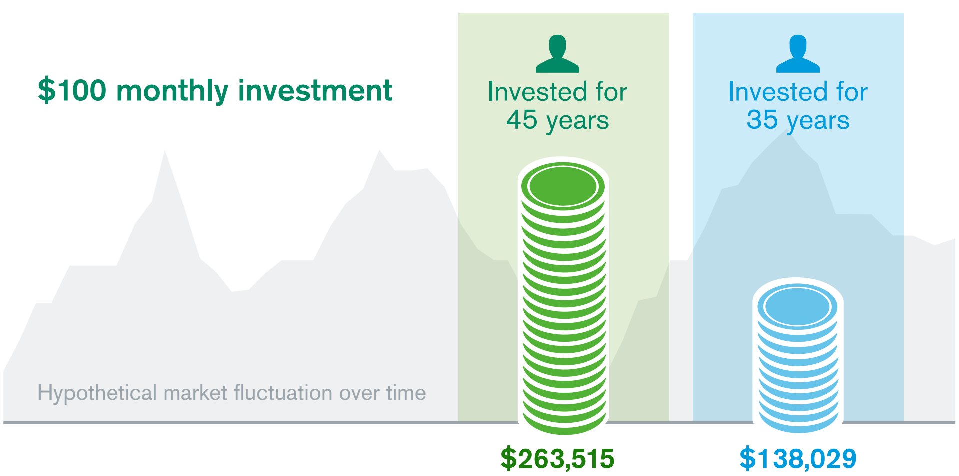
"I don't have enough money."

Even if you can only afford a little each month, the key is to start now. Small sacrifices—like movie night at home or eating out less—free up money to save.

"I've already saved enough."

Said no one, ever. Make sure it really is enough. Depending on your age and when you plan to retire, you may need more than you think. Also consider inflation. Today's $100 will equal $74 in 10 years with just 3% inflation.

What a Difference a Decade Makes



Source: Investment Returns calculator, American Century Investments, 2018.

This graph is hypothetical and for illustrative purposes only. It is not indicative of any specific investment. It assumes 6% annual rate of return and the reinvestment of interest and dividends. The value of an investment may fluctuate with market conditions, and your redemption may be worth more or less than its original value.

Say Yes to Your Employer's Plan

If your employer offers a retirement plan, you are one of the lucky ones. The retirement price tag can be pretty high.

80%	x	30 years	=	$$$
of your current income is the rule of thumb for how much you'll need in retirement.		Multiply that percentage by the number of years you'll live in retirement…		…and you may need to be a millionaire by the time you retire.

**For a salary of $42,000 a year, the calculations look like this: $42K x 80% = $33,600 needed each year in retirement. $32K x 30 years = $1,008,000 needed through retirement.*

The bottom line

Saving for retirement is one of the smartest choices you can make. And if your employer offers a plan, it's that much easier to start.

Advantages Now and Later

Contributions are automatic

Once you enroll, you're set. You choose the amount and investments; your employer does the rest.

You can take it with you

If you leave your job, the money can be rolled over into a new employer's plan or a Rollover IRA—helping you avoid taxes and penalties, and keeping your money invested. However, if you withdraw the money before age 59½, tax penalties may apply.

Your current taxes are lower

The money is taken from your paycheck before federal taxes (and most state income taxes) are withheld. That means your current taxable income is lower and you pay less taxes.

Pretax Contributions = Lower Federal Taxes, Small Impact on Paycheck

Monthly gross pay	$3,500	$3,500	$3,500	$3,500
Contribution	$0	$100	$200	$300
Federal taxes	$875	$850	$825	$800
Net pay	**$2,625**	**$2,550**	**$2,475**	**$2,400**

Table is based on an annual salary of $42,000 and assumes a monthly paycheck, single employee with no dependents and a federal tax rate of 25%. Some states also provide savings for individuals who participate in an employer's retirement plan; however FICA and Medicare taxes are not reduced by a contribution. Rounded to nearest dollar.

Source: American Century Investments, 2018

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