

401(k) Basics: Why & How

Why Should I Enroll In My Employer's 401(k) Plan?

Financial planners estimate that we need approximately 70-80% of our current income to maintain our standard of living into retirement. Social Security benefits and other sources of income frequently do not provide this level of retirement income. The rest must come from personal savings and investments, such as an employer-sponsored retirement plan.

Your employer's 401(k) plan allows you to save for retirement while providing you with a tax break. You are able to select an amount by which your gross salary can be reduced and tax-sheltered. Your contributions to a 401(k) plan are deducted directly from your paycheck **before** you pay taxes on your income. That means your current taxable income is reduced. Plus, any earnings on your contributions are tax-deferred as well. That's how participating in your employer's 401(k) plan puts more money in your pocket at retirement than if you saved outside the 401(k) plan.

Depending on your plan's options, you may also be eligible to make Roth 401(k) contributions. To find out if your plan allows Roth 401(k) contributions, see your Summary Plan Description ("SPD") or contact your Plan Administrator. To learn more about the advantages of Roth 401(k) contributions see page 5 of the enclosed brochure.

How Do I Enroll In My Employer's 401(k) Plan?

To enroll in your employer's 401(k) plan, please complete the following steps:

- 1. Review the **Summary Plan Description**.
Be sure you understand how the Plan works and your Plan's options.
- 2. Complete and sign the **Wage Deferral Agreement**.
- 3. Complete and sign the **Investment Election Form**.
Be sure to read the Prospectus of each Fund selected. The Sextant Core Fund will be the default option if no selection is made.
- 4. Complete and sign the **Beneficiary Designation Form**.
- 5. Return all completed documents to your company's Plan Administrator.

How Do I Learn More About My Employer's 401(k) Plan?

Every eligible employee is given a Summary Plan Description ("SPD"). The SPD functions as the primary method of disclosing your rights under the plan, how the plan works, what benefits are provided, when those benefits will be paid, and how to request benefit payments. If you have not received a SPD, you should contact your Plan Administrator.