

What is a 401(k)?

Learn what it is, how it works
and why it's important for
lasting financial stability



WHAT IS IT?

A 401(k) plan is a type of retirement savings and investing plan offered through your employer.

When you join the plan, a percentage of your paycheck will be deposited into an investment account for your retirement savings.

If your employer offers a 401(k) match, you can get extra money just for saving for retirement. They usually match a percentage of what you contribute, up to a set limit. That's essentially free money!

HOW DOES IT WORK?

Your 401(k) plan is a powerful retirement savings account that may help you prepare for your future.

Your 401(k) plan allows you to:

- Save at your own pace
- Receive potential tax breaks
- Create financial security for your older self
- Design the lifestyle you want in retirement, such as:
 - Enjoying time with friends and family
 - Traveling the world
 - Leaving behind a legacy

Need help getting started?

Experts recommend saving 10 - 15% of your earnings.

Get to Know Your 401(k) Plan



Depending on your employer's 401(k) plan, you may have 2 options for contributing:

PRE-TAX

Savings go into your account *before* taxes are applied and grows tax-deferred.

Then at retirement, you pay taxes on your savings upon withdrawal.



ROTH

After taxes are applied, your savings go into your account. Then savings and earnings grow tax-free.

Since you already paid taxes, you can withdraw your savings tax-free upon retirement.

In retirement, you can use your savings to sustain your lifestyle after you stop working.

ARE YOU ENROLLED?

Depending on your plan, you might already be enrolled – that's called automatic enrollment. Or, you may have to work for a certain amount of time before you can join. Remember, it's never too late to join or to get started! Contact your employer or HR director to learn the specifics of your company's 401(k) plan.

HAVE QUESTIONS? We're here to help.



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