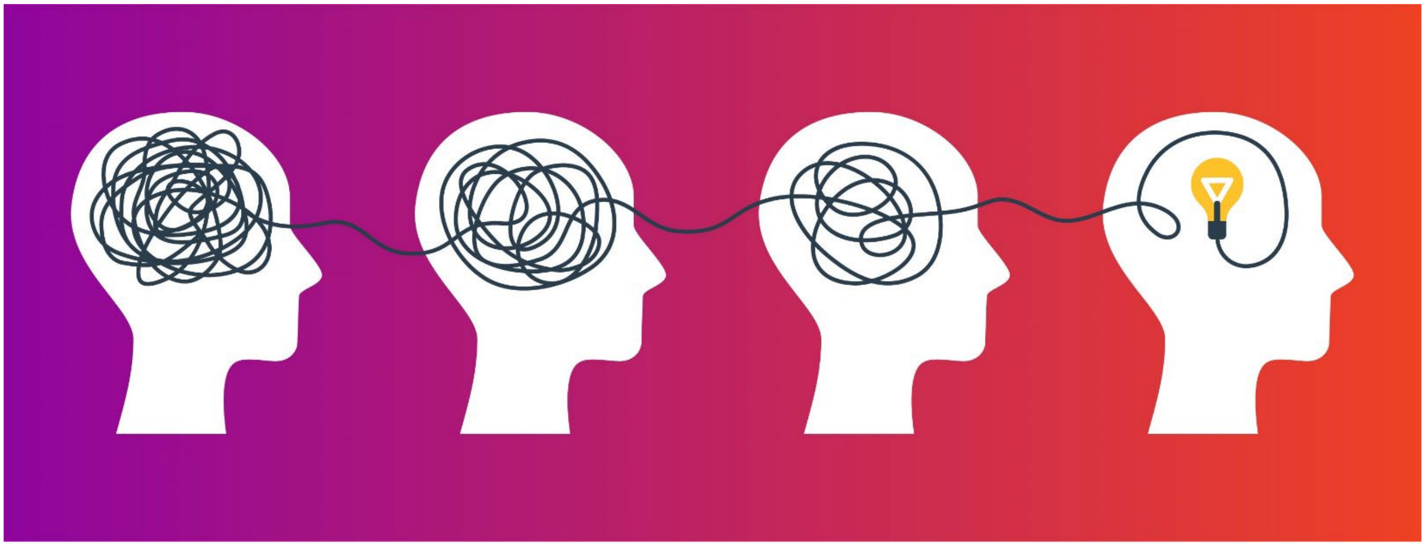
Ten Things to Know About Your Employer's Retirement Plan



1. What it is?
   Your employer's retirement plan is a defined contribution plan designed to help you finance your retirement. Federal and sometimes state taxes on your contributions and investment earnings are deferred until you receive a distribution from the plan (typically at retirement).

2. Why do they call it a 401(k)? *(Or, 403(b), 401(a), 457(b) etc.)*
   The 401(k) plan was born over 40 years ago, under Section 401(k) of the Internal Revenue Code, hence, 401(k). Each plan type [401(k), 403(b), 401(a), 457(b)] is named for specific sections of the IRC tax code.

3. You decide
   You decide how much to contribute and how to allocate your investments. This gives you the advantages of easy diversification – a well balanced mix of investment choices, and dollar-cost averaging by making regular investments over time.

4. It's easy
   You contribute your pre-tax dollars and lower your taxable income by making automatic payroll deductions. It's a simple method of disciplined saving! *(Note: you plan may also offer a Roth contribution feature which allows you to contribute on an after-tax basis. Investment earnings on Roth contributions compound on a tax-deferred basis and qualified withdrawals are tax-free).*

5. Know your limits
   In 2022 you can save up to $20,500 of your income. If you are age 50 or older, you can save an additional $6,500.

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6. Incentives
   Traditional contributions to your retirement plan are tax-deferred! Also, many employers will match some of your contributions. This is FREE money and a great incentive to contribute to your plan.

7. Vesting
   Should your employer make a matching contribution; vesting refers to the percent of your employer contributions that you have the right to take with you when you leave the company.

8. Borrowing
   Some plans allow you to borrow a percentage of your account value. Keep in mind that you have to make regular payments plus interest on the loan.

9. Early withdrawals
   You may be able to take a distribution before you retire, for instance for certain emergencies (hardships). Understand that it may have a 10% early penalty in terms of Federal and/or state income taxes. While this may be good for emergency situations, your retirement plan is a retirement savings fund, not meant to be a rainy-day fund!

10. Leaving the company
    When you leave your job, you can rollover your retirement plan savings to either an individual retirement account (IRA) or a new employer's retirement plan. This way, you stay on track for your retirement savings goals, without having to start over each time you change jobs.

Questions? Contact MCF at retire@mcfadvisors.com or 859.967.0990