

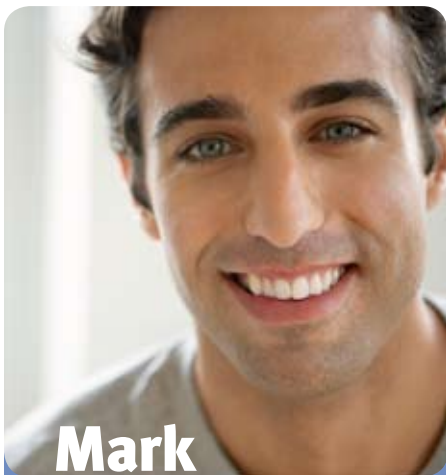


The Power of **1** (Percent)

We all know we should be saving more, but in today's economy, is that really possible? Before answering that question, consider the difference (and power) of just 1 percent.

Two Investors, Two Different Outcomes

Let's say Mark and Mary each make \$40,000 per year. They both have 20 years left until retirement and their 401(k) accounts each earn an 8 percent annual return.¹ By the time they retire, however, Mary will have nearly **\$20,000 more** than Mark.



Mark

Earns \$40,000
 Contributes 5%
 20 years



Mary

Earns \$40,000
 Contributes 6%
 20 years

What's the difference? Mary will sock away **6 percent** of her annual income for the next 20 years, while Mark will contribute just **5 percent**. That 1 percent difference equates to \$1.10 per day – less than the average cost of a cup of coffee or can of soda.

How Much is Enough?

How much money will you need to retire? Most industry experts agree you'll need **70 to 90 percent of your pre-retirement income** to live comfortably in the golden years. Yet just 46 percent of Americans have tried to calculate how much they need to save to reach that goal.²

To help you determine how much you'll need, complete the online calculator, "How much will I need to save for retirement?" You'll find it on your participant Web site, along with several additional planning calculators. Five minutes of your time today (along with that 1 percent increase) may have a big impact on your retirement plan tomorrow.



¹ This return is for illustration purposes only and does not project the return of any particular investment. Past performance is no guarantee of future results.

² 2010 Retirement Confidence Survey, Employee Benefit Research Institute (EBRI); American Savings Education Council (ASEC); and Mathew Greenwald & Associates, Inc.

SIX TIPS FOR MANAGING FINANCIAL CHALLENGES

One in three Americans loses sleep over money matters – more than those who reported similar worry over career or marriage combined.¹ For many people, long-term savings, investing and other financial goals seem impossible to achieve while they bear the burden of debt.

What You Can Do

“Deeply in debt” doesn’t have to be a permanent situation. There are several ways you can improve your situation:

1 Define Your Debt

First, review your debts (expenses) and assets (property) to get a clear picture of your financial situation.

• List all regular monthly expenses:

- **Household expenses** (mortgage or rent, utilities including electric, gas, cable, phone, trash)
- **Automobile and transportation expenses** (car loan, insurance, fuel, maintenance)
- **Child care** (insurance, child support, preschool, after-school programs, school fees)
- **Food** (groceries, dining out, school lunches)
- **Clothing** (new clothes, dry cleaning, laundry)

• List all outstanding debt

(Loans, credit cards, medical and dental bills)

• List luxury items

(Entertainment, movie rentals, magazine and newspaper subscriptions, other activities)

Then, review your credit report. The Federal Fair and Accurate Credit Transactions Act of 2003 (FACT Act) allows you to **get one free copy of your credit file every 12 months from each of the nationwide credit reporting agencies.** You may request your free annual credit file at www.annualcreditreport.com.

Finally, **keep a current record of spending behaviors** with a software program or ledger, and look at where your money goes.

¹ Inuit, Inc., “Town Hall Series,” April 2010



2 Reduce Your Expenses

Allocate money first for the **necessary living items** – the things you need. Then, use a portion of what is left to **pay down debt and save for retirement.** Try not to purchase luxury items – the things you want – until you’re out of debt.

3 Set a Budget

Make and **stick with a budget** that includes money for a **savings cushion** – a “just in case” emergency account. Focus on your future spending and plan ahead.

4 Contact Your Creditors

Contact lenders to possibly **negotiate a better interest rate** or minimum payment, or to request a short-term reprieve.

5 Credit Counseling

A reputable not-for-profit consumer credit counseling agency can work with you and your creditors to determine a workable budget. For a small fee, representatives also can help you create a plan to pay down your debt over a specified period of time.

6 Set Personal Economic Goals and Plan

Consider what’s most important to you, and where you’d like to be in one, five and 20 years. Then take the steps to get there.

Be Positive, Act Positive

If you find yourself struggling with money issues, **assess your situation, make a plan and take action.** When you redirect your activities in a positive way, you can overcome your current debt challenges and enhance your self-image, emotional well-being and financial situation.