

PAYCHEX 2019 Enrollment

401(k)

Plan for your Future

Education & Enrollment



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STONEHENGE
RETIREMENT PLANNERS

What is a Pension?

Guaranteed Lifetime Income!

Income you get when retire
(and in most cases your spouse as well)
for as long as you (both) are alive.

IMPORTANT NOTE: 401(k)s Are **NOT** Pensions!

Who Will Get A Pension?

Typically – All Government Employees

Typically – Most Public School Teachers

A Few Very Large Corporations Still Offer Pensions

QUESTION: Do You Have A Pension?

Who Will Get A Pension?

You Do Have A Pension! It's Called Social Security!

You Contribute 7.65% Each and Every Paycheck!

Your Company Also Kicks In 7.65%!

Social Security Will Provide Lifetime Income

BUT – Social Security only provides income –
for as long as you are alive!

If you never reach retirement age, there's no payout!

Who Will Get A Pension?

Social Security Was Created In 1935!

They Chose Age 65 As The Age Of Retirement.

Why Was Age 65 Chosen?

Life Expectancy (in 1935) Was 68!

(Today --- Life Expectancy Is Approx. 85!)

In 1935, The Govt. Planned To Pay Income For 3 Years!

Who Will Get A Pension?

Today, Our Government Reports That
Social Security Income Benefits Will Cover
Approx. 1/3 of Our Retirement Income Needs

So ... Where Will The Remainder of Our
Retirement Income Needs Come From?

So ... Where Will The Remainder of Our Retirement Income Needs Come From?

- From Winning The Lottery?!?
- From SAVINGS! (Current Income)
ENTER --- Your Paychex 401(k) Plan!

What is a 401(k) plan?



The term 401(k) refers to a section of the Internal Revenue Code that permits deferring taxes on retirement savings deducted directly from payroll.



The federal government and most state governments have enacted policies to permit federal income tax deferrals to encourage appropriate savings for retirement.



Whose money is it?

**YOUR CONTRIBUTIONS ARE ALWAYS
100% YOURS!**

**IN THE EVENT OF SEPARATION FROM THE
COMPANY, YOU WOULD BE ABLE TO
ROLLOVER YOUR 401(K) BALANCE TO
EITHER AN IRA OR ANOTHER 401(K)**

What is a 401(k) plan?



What If I Need The Money In My 401(k) Before Retirement?

Withdrawing Your 401(k) Before You Are 59½ Can Not Only Cost You Taxes, But May Also Cost A 10% Early Withdrawal Penalty!

How can I access **MY MONEY?**

- **Participants may begin withdrawing at age 59½ without penalty.**
- **Termination of employment**
- **Incurring a term of disability which is expected to last at least 12 months**
- **Loans are available.**
- **Termination of the plan**
- **Death of the plan participant**



What is a 401(k) plan?



Maximum Contributions for 2019 is \$19,000!

If You Are Over The Age Of 50, You May Contribute An Additional \$6,000 Into Your 401(k) Plan – Using The “Catch-up” Provision – For A Maximum Contribution of \$25,000!

Since Your 401(k) Contributions Will Always Be Your Money, You Will Need To Have A Designated Beneficiary.

If You Are Married, Your Spouse Will Need To Be Your Designated Beneficiary, Unless Your Spouse Agrees To Sign And Notarize Otherwise! Good Luck! 😊

Your 401(k) plan has TWO options



**(PRE-TAX)
401(k)**



**ROTH
(After Tax)
401(k)**

Pre-Tax 401(k) Savings Advantages!



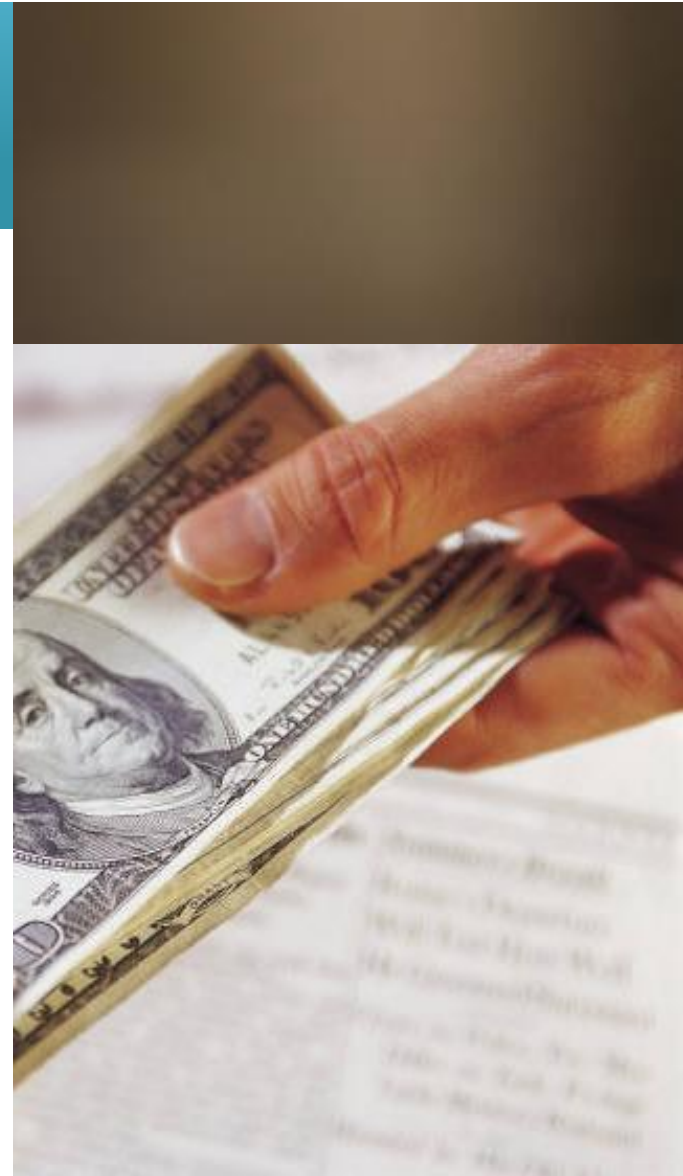
▲
**The tax
advantage**



▲
**The take-home
advantage**

The Tax **ADVANTAGE**

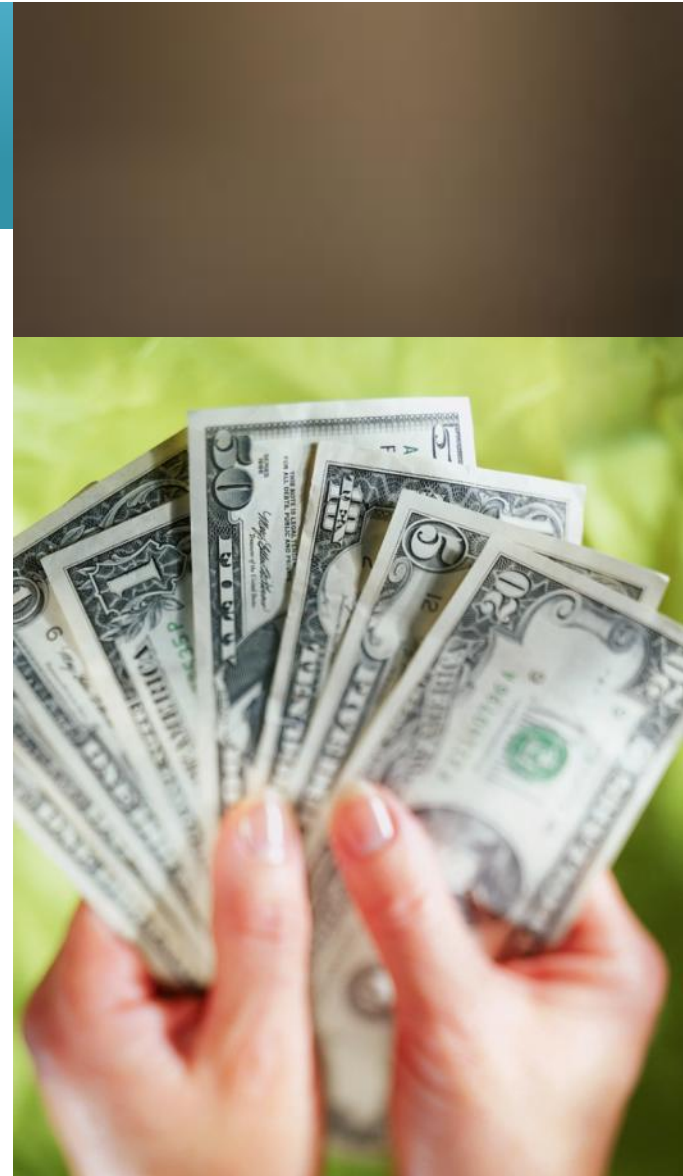
- You can save with tax-deferred dollars, which means you don't pay federal or state income taxes on the money you save until you withdraw it, generally at retirement.
- At retirement, you may be in a lower tax bracket. The growth and appreciation from the money you put away in your 401(k) will also be tax deferred, so your retirement nest egg grows faster.



The Take-Home **ADVANTAGE**

	Without 401(k)	With 401(k)
Weekly Gross Pay	\$1,000	\$1,000
401(k) ----- at 5%		\$50
Taxable Pay	\$1,000	\$950
Federal Income Tax (25%)	-\$250.00	-\$237.50
NET TAKE-HOME PAY	<u>\$750.00</u>	<u>\$712.50</u>

**Saving \$50 per Paycheck, Reduces
Your Take Home Pay To \$37.50!**



Roth 401(k) Savings Advantages!



Pay The Taxes Now!



No Taxes Later!

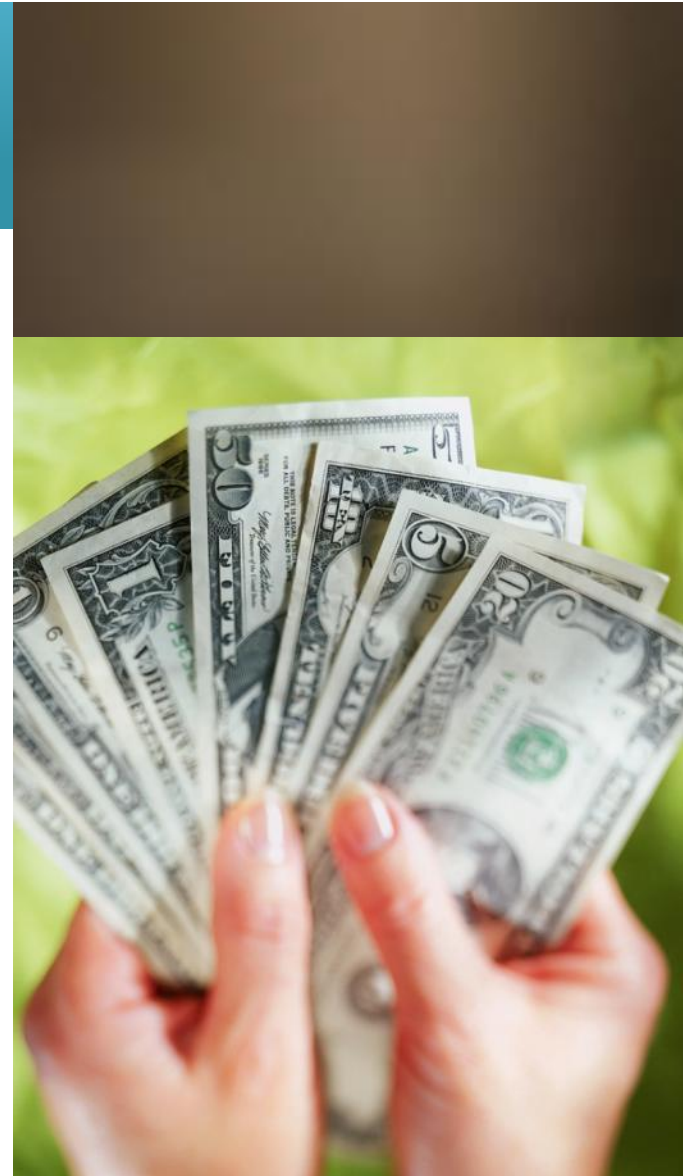
Roth 401k contributions are made after-tax. Upon certain conditions, both the contribution and the earnings on those contributions can be withdrawn tax free.

This approach differs from the traditional Pre-Tax 401k in which taxes on both contributions and earnings are deferred until withdrawal.

The Roth 401(k) ADVANTAGE

	Without Roth 401(k)	With Roth 401(k)
Weekly Gross Pay	\$1,000	\$1,000
Taxable Pay	\$1,000	\$1,000
Federal Income Tax (25%)	-\$250.00	-\$250.00
401(k) ----- at 5%		\$50.00
NET TAKE-HOME PAY	<u>\$750.00</u>	<u>\$700.00</u>

Saving \$50 per Paycheck, Reduces Your Take Home Pay By \$50!



Managing Your 401(k) Account

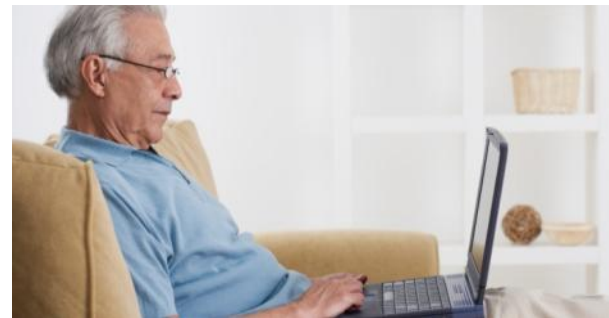
By Phone



24/7

**Just Call:
1-877-244-1771
from any touch-tone
phone.**

By Computer



Access online at:

<https://www.benefits.paychexflex.com>

Select “Register for a new account” under the “New Users” Heading. Once Registration is complete, click “Retirement Services” located on the left menu. Click “Enroll Now” when prompted. Determine the amount (%) of your pay that you want to contribute to your plan. Select your investments in 1% increments making sure that the investment total is 100%.

Always Remember: **YOU ARE IN CONTROL!**