

The Power of 1%

60%

of people say their **401(k)** is the **largest or only source** of retirement savings, so why not make the most of your retirement savings account?¹

Annual increases have powerful results

Cost of living increases typically accompany the calendar year change. Set aside 1% of the increase for your salary deferrals to realize a raise on both your paycheck and 401(k)! ²

How much should you be saving for retirement each year?

Start as early as possible and increase when possible

Industry experts recommended **15%** of your pre-tax income each year³

PERCENTAGES NOT YOUR THING? LET'S BREAK IT DOWN ... COULD YOU SAVE?

5%=\$5

out of every \$100 Earned

10%=\$10

out of every \$100 Earned

15%=\$15

out of every \$100 Earned

WHAT IS COMPOUND INTEREST?

Earning interest income on already existing interest income

Saving 1% more each year can make a big difference in the long run

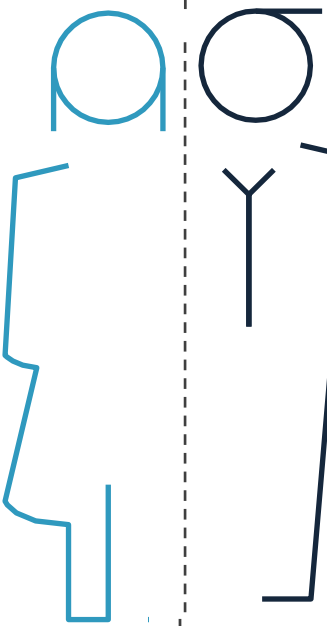
Maria

25 YEARS OLD
Income of \$50,000⁴

INCREASE BY 1%
= \$149,625
potential additional funds at retirement

INCREASE BY 3%
= \$448,877
potential additional funds at retirement

INCREASE BY 5%
= \$748,128
potential additional funds at retirement



Joe

45 YEARS OLD
Income of \$70,000⁴

INCREASE BY 1%
= \$42,925
potential additional funds at retirement

INCREASE BY 3%
= \$128,777
potential additional funds at retirement

INCREASE BY 5%
= \$214,628
potential additional funds at retirement

Have Questions? Feel free to reach out to us at retirement@saxwa.com.

SAX Wealth Advisors

Source

¹ Charles Schwab. 2017 401(k) Participation Survey. August 2017.

² Morningstar. You can contribute more to your 401(k) and IRA in 2019. November 2018.

³ Fidelity. How much should I save for retirement? August 2018.

⁴ Fidelity. Power of small amounts. June 2016.

*Approximation based on a 1%, 3%, or 5% increase in contribution. Continued employment from current age to retirement age, 67. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.5%. Hypothetical nominal salary growth rate is assumed to be 4% (2.5% inflation + 1.5% real salary growth rate). All accumulated retirement savings amounts are shown in future (nominal) dollars. Your own plan account may earn more or less than this example, and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a **profit or guarantee** against a loss in declining markets. Investing involves risk, including the risk of loss.

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice **specific to your** needs, such advice services must be obtained on your own separate from this educational material.

©2019 401k Marketing, LLC. All rights reserved. Proprietary and confidential. Do not copy or distribute outside original intent. IRN-20-1374