Missed Opportunity

Invest in your employer-sponsored plan

Don't miss this once-in-a-lifetime opportunity! How many times have you heard an announcer utter these words? It's a sales pitch to which most of us have become immune. But what if there really was a fantastic opportunity you shouldn't miss? Investing in your employer-sponsored retirement plan is actually one of those times.

Excuses, excuses, excuses

People have countless excuses to put off investing for their retirement. "I can't afford it," "I'm too young," "I don't understand investing." When you put these – and other excuses – to the test though, are any of them really valid? The answer is no. The truth is, it's always a good idea to take advantage of your employer-sponsored retirement plan.

Pay yourself to save

One of the biggest benefits of investing in your employer-sponsored plan is that your contributions reduce part of your salary on which you pay taxes. Here's how: If you're in the 28 percent tax bracket, and you invest $5,000 a year, that's $5,000 of your salary on which you're not paying taxes this year; so you reduce your annual tax bill by $1,400 ($5,000 x .28). It's like you're paying yourself to invest!

And once you've decided to invest, doing so with an employer-sponsored plan actually may keep more money in your pocket today. Consider the following example showing the difference between investing with a plan versus investing outside a plan:

Stan makes $25,000 a year and decides to put aside 6% of his biweekly salary for the future.

	If he contributes to a plan:	If he saves outside a plan:
His biweekly paycheck	$962	$962
6% of his biweekly pay contributed to the plan	-$58	N/A
His new taxable income	$904	$962
Federal income taxes	-$136	-$144
Take-home pay	$768	$818
Money saved outside the plan	N/A	-$58
Money left in his pocket	$768	$760

Note: This hypothetical illustration assumes a biweekly savings of $58 – or six percent of pay – equal to $1,508 per year and a federal tax rate of 15 percent and is for demonstration purposes only. It is not intended to (1) serve as financial advice or as a primary basis for your investment decisions and (2) imply the performance of any specific security. Before-tax contributions into tax-deferred investments are subject to Internal Revenue Code limits. Taxes are generally due upon withdrawal and early withdrawal penalties may apply to withdrawals taken before age 59½. Your employer may offer you a choice among retirement accounts qualifying for tax deferral. Your local ING representative can explain the benefits, features and costs of each. You should consult with an advisor when you consider your alternatives or make tax-related decisions. Legal and tax advice are not offered by ING and its representatives.

Youth is on your side

If you think you're too young to start planning for your retirement, just the opposite is true. The younger you are, the better. By investing early in your career, you'll enjoy the potential benefits of tax-deferred growth and compounding of interest for decades. Compounding is a multiplier effect. Consider Larry and Susan:

	Larry	Susan
Age at which savings started	45	25
Monthly contribution	$300	$100
Total contribution by age 65	$72,000	$48,000
Total pre-tax savings at age 65	$171,798	$324,180

Note: This hypothetical illustration assumes each account earns an annual rate of return of 8 percent and is for demonstration purposes only. It is not based on the rate of return of any particular investment and does not include costs incurred under a particular investment. It is also not intended to serve as financial advice or as a primary basis for your investment decisions. Dollar cost averaging does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue their purchases through periods of low price levels. Taxes are generally due upon withdrawal.

Susan not only ends up with more money than Larry, but she also contributed significantly less money than him. This is one of the benefits of starting early.

Pension and Social Security are not what they used to be

You might be thinking, "Why do I need to save so much? Isn't that what Social Security is for?" Not necessarily. In recent years, this traditional source of retirement income has become a smaller part of the equation.

Consider that for the average worker, Social Security replaces only about 40 percent of pre-retirement income.[1] For the next generation of retirees, these percentages may be even lower. That leaves **you** responsible for more than half of your own future income.

That's why participating in your company's retirement savings plan may be more important than ever to ensure the future of your dreams.

It's never too late to start

If you're nearing retirement and still haven't taken advantage of your company's plan, you probably believe it's too late. But every little bit helps. While you may miss the long-term advantages of a younger investor, you'll still get the current income tax benefits. Plus, your investment's earnings will also be exempt from current income taxes. That's a significant advantage over many other kinds of investments, whose earnings may be reduced each year by taxes.

If possible, consider investing the maximum amount allowable. You may even be able to take advantage of "catch-up" provisions to increase your contributions even more. A few years of investing could put you ahead of where you'd be if you'd done no investing at all.

Borrow money from yourself

If you're concerned about locking up money that you may need to access in an emergency, keep in mind that many plans allow you to take a loan from your account and then pay yourself back out of your ongoing contributions. ***Note:*** loans will reduce your account balance.

No expertise required

So you don't understand stocks, bonds, mutual funds, asset classes and all the other seemingly complicated terminology that comes with investing? Guess what? You don't have to. Your company's plan may have easy-to-understand educational materials. Plus, software, worksheets and calculators will help you clarify your investment goals – based on your own life situation.

Saving made painless

For many people, money in the hand is money spent. By using payroll deduction, contributions are automatically deducted from your paycheck – before you have a chance to spend them. And, it's all automatic – you don't have to complete deposit slips, transfer funds, make phone calls, visit a broker, or worry about regular banking hours.

What's your excuse?

When you break down all the excuses not to invest in your employer-sponsored retirement plan, the question really becomes: Why would you not invest? Contact your local ING representative to learn more about this great opportunity.

[1] Social Security Administration, SSA Publication No. 05-10035, January 2007, ICN 457500, www.ssa.gov/pubs/10035.html#plans.

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