

RETIREMENT PLANNERS  
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## You and Your RETIREMENT PLAN

How well do you know your retirement plan? If you're just casually acquainted with your plan, you may be missing out on features that can help you pursue your financial goals.

### A Menu of Investments

Your plan gives you a choice of investments and information about each one. To take full advantage of the investment options available to you, learn as much as you can about them and the basics of investing for your future. Remember that you're not locked into your selections — if you want to change your investments, your plan gives you that flexibility.

### Convenience

You don't have to remind yourself to contribute to your plan account since your employer automatically deducts your contribution from your pay. Your contribution is invested for you according to the investment options you've chosen.

### Current Tax Savings

When you make pretax contributions to your plan, that money is deducted from your pay before federal income taxes are taken out. Your taxable income is lower, so you pay less income tax.

Any investment earnings in your account are tax deferred. You won't pay income taxes on contributions and earnings until you withdraw them from your account.\* This tax deferral allows your money to grow faster than it might in a taxable investment account where earnings are generally subject to annual taxes.

You might be entitled to a federal tax credit called the Saver's Tax Credit if you meet certain income requirements. Depending on your adjusted gross income, you could possibly receive a 10%, 20%, or 50% credit on up to \$2,000 of your retirement plan contributions for 2016.

### Yours To Keep

The benefit derived from your own plan contributions belongs to you — in retirement-plan lingo, this amount is 100% "vested." So you

don't have to worry about forfeiting the money if you change jobs someday.

*\* Some retirement plans also offer a Roth contribution option. Unlike pretax contributions, Roth contributions do not offer immediate tax savings. However, qualified Roth distributions are not subject to federal income taxes when all requirements are met.*



## When the INVESTMENT Weather Changes, DIVERSIFICATION Can Help

Summertime weather can be erratic. It can be cool and overcast in the morning, then warm and sunny in the afternoon — or just the opposite. Taking both your jacket and sunscreen on an outing can help ensure that you'll have an enjoyable time regardless of the weather.

The investment markets can be a lot like the weather. They may change quickly, which can affect the value of your plan investments. You can help manage this risk by diversifying\* your investments.

### How Diversification Works

Diversification involves spreading your plan account among different types of

investments, or asset classes, and among different investments within those asset classes. This helps spread your risk because investments in various asset classes (such as stocks, bonds, and cash alternatives\*\*) may perform differently in a changing economic environment.

At any point, you may have some of your investments performing well while others aren't. The idea behind diversification is that if some of your investments drop in value, you may have other investments that do better, helping improve your overall return.

### Where To Start

Begin by investing in more than one asset class. This can help manage risk since a decline in any one investment type may affect you less. For example, if stocks fall, bonds may hold steady or gain, helping to cushion the loss.

Your retirement plan may offer funds (or portfolios) that have hundreds of investments, but holding just one fund probably won't offer enough diversification unless you select a fund that's specifically an all-in-one investment (and not all plans offer such options).





## Diversification in Action

Investment mix	100% stocks	50% stocks 50% bonds	40% stocks 35% bonds 25% cash alternatives
Amount invested	\$1,000	\$1,000	\$1,000
Value if <i>stock</i> prices drop 20%	\$800	\$900	\$920
Value if <i>bond</i> prices drop 20%	\$1,000	\$900	\$930

This is a hypothetical example used for illustrative purposes only. The example assumes that cash alternative prices remain constant. The example does not represent any specific investments. Your investment performance will be different. Source: DST

### Diversify Even Further

Simply investing in different asset classes may not be enough. You may also want to spread your investments within asset classes. For example, when investing in stock funds, you may want to invest in funds that hold different types of stocks, such as a large company (large-cap) stock fund and a small company (small-cap) stock fund. Investing in companies across different industries and geographic regions can also help you diversify. This is because stocks with different characteristics may react differently to changes in the economy.

### Watch for Duplication

When looking at your investments, keep an eye out for any of your investments that might overlap. Investing in funds that have the same objectives and investment style probably won't add to your portfolio's diversification. For example, if your plan offers more than one bond fund, there may be an overlap in the securities the funds own.

Your risk tolerance and how many years you have before you intend to retire will affect which investments you choose. Regardless, using diversification can help

you accomplish your goals by preparing you better for how the markets perform.

*\* Diversification does not ensure a profit or protect against loss in a declining market.*

*\*\* Cash alternatives are short-term securities that can be readily converted to cash, such as Treasury bills. Note, however, that not all cash alternative investments are federally guaranteed or insured and that it is possible to lose money by investing in cash alternatives. Returns on cash alternative investments may not keep pace with inflation, so you could lose purchasing power.*

## INFORMATION Please!

Looking for a little summertime reading? How about the information provided by your retirement plan? It may not be as entertaining as the latest bestseller, but reading about your plan's features, the investments you can choose, and your rights as a plan participant will help you make the most of the plan. Here's an overview of some of the materials your plan provides.

### Details About Your Plan

A Summary Plan Description (SPD) is a brief review of the longer retirement plan document. It's a good place to start if you have any questions about your plan since it's written to be easily understandable to plan participants. It includes a description of your rights and benefits, including the eligibility requirements for participating in the plan and receiving benefits. The SPD will also tell you how long it takes to become vested (which means you have earned the right to specified benefits). You're entitled to a copy of the summary within 90 days of becoming a participant in the plan.

### Data Unique to You

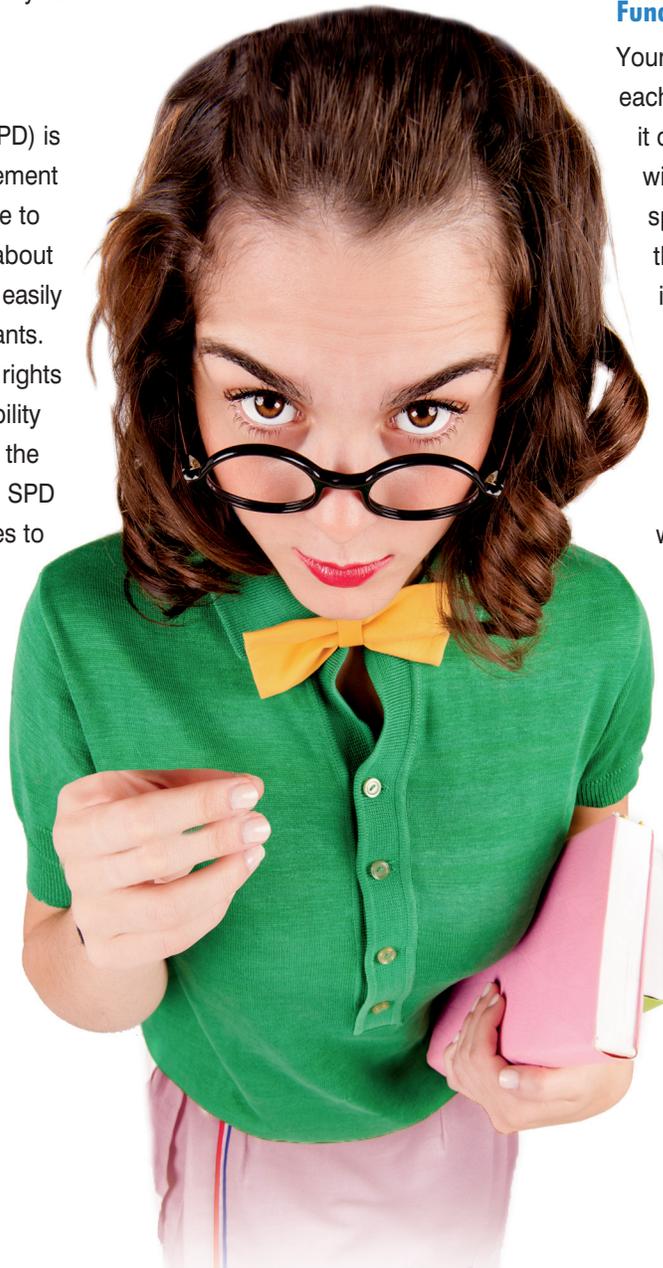
You'll also receive periodic statements from your retirement plan. The statement will show how much your account balance has changed from the previous period. You can use this to help determine if you're contributing enough to meet your retirement savings goal.

Your plan statement may also show you how well your investments are performing. You can compare the performance of your investment choices to appropriate benchmarks of similar investments. Focus on how the funds are performing over longer time periods before deciding you need to take action.

### Fund Facts

Your plan will provide information regarding each of the investment funds (or portfolios) it offers. For certain investments, the plan will provide or make available a prospectus. The information contained in the prospectus includes the fund's investment goals, its strategies for achieving those goals, the risks of investing in the fund, and its past performance. You can use this information to determine if a particular investment is suitable for someone with your objectives.

It's important to make informed decisions when planning for your retirement. Take advantage of the information provided by your employer's plan to help you make choices that can move you closer to your goals.



This newsletter is designed to provide useful information about retirement plans and investing your plan account savings. While the information contained herein was obtained from reliable sources, it cannot be guaranteed as to completeness or accuracy. Before acting on any of the information provided, consult your professional advisor.