Delaware Retirement Savings Plan

Saving for Retirement

Consider saving in your Delaware Retirement Savings Plan

Investing in the Delaware 457(b) Deferred Compensation Plan or 403(b) TSA Plan may provide an opportunity for savings.

Excuses, excuses, excuses

People often put off investing for their retirement. Even if you think "I can't afford it," "I'm too young," or "I don't understand investing," you may still be able to take advantage of the Delaware Retirement Savings Plan.

Pay yourself to save

If you invest in the Delaware Retirement Savings Plan your contributions reduce the 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).

If you decide to invest, doing so with the Delaware Retirement Savings Plan actually may keep more money in your pocket today. Please note that distributions will be taxed as ordinary income when distributed and are subject to any tax penalties that may apply. Consider the chart below showing the difference between investing with a plan versus investing outside a plan.

Youth is on your side

The younger you start planning for retirement, the more you may benefit. By investing early in your career, you'll enjoy the potential benefits of tax-deferred growth and compounding of interest for decades.

Ann makes $40,000 a year and decides to put aside 6% of her biweekly salary for the future.

Complete Purchase Payment Periods*	If she contributes to a plan	If she saves outside a plan
Her biweekly paycheck	$1,539	$1,539
6% of her biweekly pay contributed to the plan	-$ 92	N/A
Her new taxable income	$1,447	$1,539
Federal income taxes	-$ 405	-$ 431
Take-home pay	$1,042	$1,108
Money saved outside the plan	N/A	-$ 92
Money left in her pocket	$1,042	$1,016

Note: This hypothetical illustration assumes a biweekly savings of $92 – or six percent of pay – equal to $2,400 per year and a federal tax rate of 28 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 will apply to withdrawals taken before age 59½ in the 403(b) plan, unless an IRS exception applies. The 10% early withdrawal penalty does not apply to the 457(b) plan. Your employer may offer you a choice among retirement accounts qualifying for tax deferral. Your local Voya 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 Voya and its representatives.

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 guaranteed and 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. Systematic investing 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 potential benefits of starting early.

Pension and Social Security are not what they used to be

In recent years, Social Security, the 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. Your company's retirement savings plan can provide an additional source of income.

It's never too late to start

If you're nearing retirement and still haven't taken advantage of the plan, you may still benefit. While you may miss the long-term advantages of a younger investor, you'll still get the current income tax benefits. Plus, any earnings of your investment 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.

You may even be able to take advantage of "catch-up" provisions to increase your contributions. A few years of investing could put you ahead of where you'd be if you'd done no investing at all.

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? Through **Delawaredefer.com**, you have access to tools, resources and in-person support to help you clarify your investment goals - based on your own life situation.

Saving made painless

By using automatic payroll deduction, contributions are automatically deducted from your paycheck – before you have a chance to spend them.

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Not FDIC/NCUA/NCUSIF Insured | Not a Deposit of a Bank/Credit Union | May Lose Value | Not Bank/Credit Union Guaranteed | Not Insured by Any Federal Government Agency

[1] Social Security Administration SSA Publication No. 05-10035 July 2012

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