

Small steps, big progress

Millennials can put small amounts to work for them in a big way. While it's never too late to save 1% more, younger investors have time on their side — and combining time with small amounts can have a powerful impact on retirement income. For a 25-year-old who starts out making \$40,000, the difference 1% makes will vary based on their behaviors. **The three strategies below show the potential impact on increased monthly income in retirement.**



\$1,930 more
with a 1% increase
every year for
12 years

\$690 more
with a 1% increase
every five years
for 25 years



We recommend saving at least 15% annually, including any contribution your employer may make. But we realize most people won't get there overnight. The key is to embrace savings increases over time.



\$190 more
with a one-time
1% increase

Hypothetical examples assume that the individual saves according to the described scenarios until retirement age 67, lives through age 93, and receives a 1.5% real (inflation-adjusted) increase in wages per year. Rate of return is 5.5% and consists of 3.0% real return and 2.5% inflation. Estimated increases in retirement monthly income are in constant 2016 dollars. It is assumed that upon retirement the real dollar amount is withdrawn annually through age 93, and that the participant took no loans or hardship withdrawals from his or her workplace plan. The maximum annual qualified 401(k) retirement plan employee contribution limit in 2016 is \$18,000 (or \$24,000 if age is 50 or older). All dollars shown (including increases to monthly retirement paycheck) are pretax dollars. Upon distribution, applicable federal, state and local taxes are due. No federal, state or local taxes; inflation; account fees or expenses were considered. If they were, returns and monthly increases would be lower. All scenarios assume starting age 25, starting salary \$40,000.

Investing involves risk, including risk of loss.

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