

# RPC NEWS

for Retirement Plan Participants

## Website 101

### Did you know that we provide many financial calculators?

Check them out on our website.

Follow these steps:

1. Go to the RPC website [www.retirementplanconsultants.net](http://www.retirementplanconsultants.net)
2. Click Plan Participant.
3. Go to the Resources tab and pull down to Financial Calculators.
4. A page will open in a new window. Financial Calculators are available to use for:
  - ▶ Home Financing
  - ▶ Personal Finance
  - ▶ Savings Finance
  - ▶ Tax Estimators
  - ▶ Retirement Financing
  - ▶ Business Financing
5. That's all there is to it!

Continue to check here in our Website 101 section for additional tips and hints.

Retirement Plan Consultants LLC has many of these online features available for you to use.

Please don't hesitate to call our office at **1-877-800-1114** if you have any questions or concerns.

### Helpful Hint:

Save your annual salary increase. If you get a raise, consider bumping up the amount you save in your 401(k). If you get a bonus, earmark a piece of it to go into your 401(k).

## Maximizing Your 401(k)

Planning for retirement should begin early in life to ensure that you have time to accumulate sufficient resources for your retirement. In retirement, most of us will have only three sources from which we will be able to draw for our daily living expenses; social security, personal savings and retirement savings such as the 401(k) Plan or IRAs. Retirement living costs such as healthcare, housing and energy continue to increase and inflation continues to erode the purchasing power of our savings so we have to save even more to ensure we will be able to have the lifestyle we dream of for retirement. We can't afford to not plan for our future!

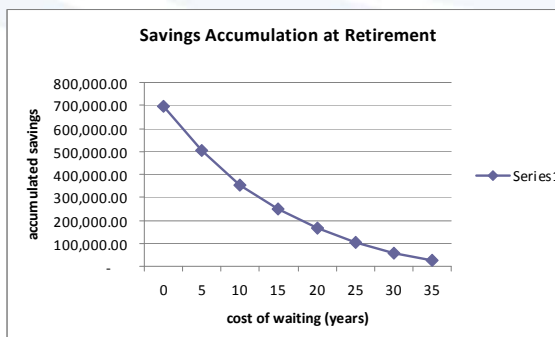
The 401(k) Plan is a valuable retirement planning tool because it allows us to automatically save out of every paycheck and allowing us to take advantage of dollar cost averaging with no additional time and effort on our part. The contribution limits for 401(k) Plans are higher than for IRAs and if you are age 50 or older, you are able to make additional "catch-up contributions" to a 401(k) Plan.

How much should you be saving for retirement? As much as you can! Have you ever heard somebody in retirement say "Gosh, I think I saved too much"? If your employer matches your salary deferrals, you should defer at a minimum the amount necessary to receive the full match that your employer is offering you!

As a general rule, you'll need to save 15% - 20% of your annual income to replace 80% of your final salary. There are many variables that alter this rule so it's really best to perform an individual calculation. You can access financial calculators on the [retirementplanconsultants.net](http://retirementplanconsultants.net) website.

This is an ideal time of the year to review your 401(K) account balances and begin thinking about your goals for next year. Why not take an additional 1% (or more if you can) from what you earn today and save it for your future? You will thank yourself later!

The contribution limits for 2012 are \$17,000 for participants under age 50 and \$22,500 for participants age 50 and older.



This graph shows the estimated cost of waiting to start saving for retirement (assuming an interest rate of 6%).

A 25 year old who begins saving at age 25 just \$4,500 per year, can expect to accumulate \$696,429 by age 65

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## 2012 Limitations

Each year the Internal Revenue Service (IRS) announces cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items.

Highlights include:

- ▶ The limitation under Section 402(g)(1) on the exclusion for elective deferrals described in Section 402(g)(3) is increased from \$16,500 to \$17,000.
- ▶ The dollar limitation under Section 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over remains unchanged at \$5,500. The dollar limitation under Section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over remains unchanged at \$2,500.
- ▶ The limitation under Section 408(p)(2)(E) regarding SIMPLE retirement accounts remains unchanged at \$11,500.
- ▶ The limitation on deferrals under Section 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from \$16,500 to \$17,000.

If you have questions regarding any of these limits or the plan that you participate in, contact your plan administrator.



## Did you know?

- ▶ According to 2011 Retirement Confidence Survey (RCS), more workers than ever state that they are a lot (40 percent) or a little (30 percent) behind schedule—fully 70 percent say they are not where they need to be.
- ▶ According to the 2011 Retirement Confidence Survey (RCS), a majority of workers have not tried to do a calculation, which means many are unaware of how much they need to save for retirement.

Now is a great time to contact your advisor to examine where you currently are and determine what changes could be made to benefit your future.

(EBRI 2011 Retirement Confidence Survey: Do Workers Think They Are On Track For Retirement?)

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