

# CHOOSE YOUR FUTURE TODAY



## What's Your Retirement Savings IQ?

Do you know your fact from fiction when it comes to saving for retirement? Take our quiz to test your knowledge.



### 1. How much do I need to save?

- A) \$500,000 B) \$1,000,000 or more  
C) Enough for a comfortable "paycheck" in retirement

*Answer:* C. This number is different for everyone and is influenced by many factors. Your goal is to save enough to guarantee yourself a comfortable income when you're no longer working. To calculate your retirement savings needs, use the worksheet available at <https://www.tri-ad.com/pdfs/Newsletter-Retirement-Savings-Worksheet.pdf> or log into your account at [www.tri-ad.com/401k](http://www.tri-ad.com/401k) or [www.tri-ad.com/403b](http://www.tri-ad.com/403b) and go to "Tools," then "Retirement Calculator."

### 2. I should be saving 10% of my pay towards retirement.

- A) True B) False

*Answer:* B. Retirement experts are now recommending you save 15% (including any match contributions) for your entire working career. If you're getting started late, you may need to save even more than that to make up for lost time.

### 3. If I've been automatically enrolled in my company's 401(k) or 403(b) Plan, I'm on track.

- A) True B) False

*Answer:* B. The typical 3% or 4% auto-enrollment rate is a good start, but just a start. You'll need to steadily increase your contribution until you're saving 15% of your pay (including matching contributions). Again, if you're behind where you need to be now, 15% may not be enough to secure your future standard of living.

### 4. The \$4 I spend daily on my coffee drink saved into my retirement plan instead adds up to \$\_\_\_\_\_ in 30 years.



- A) \$25,000 B) \$35,000 C) \$105,000

*Answer:* C. At an 8% rate of return, putting \$20 per week into your 401(k) or 403(b) plan can add up to over \$100,000 in 30 years, thanks to the power of compound earnings.

### 5. The Social Security Retirement Age for those born after 1960 is \_\_\_\_\_ and Social Security will provide about \_\_\_\_\_ % of my retirement income.

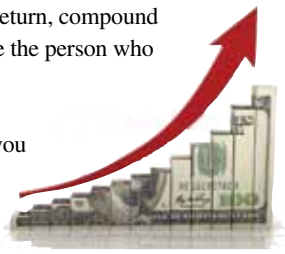
- A) 65, 100% B) 67, 30% C) 70, 70%

*Answer:* B. Those born after 1960 are not eligible for full Social Security benefits until age 67. Only those born before 1937 are eligible for full benefits at age 65. If you plan on living solely on your Social Security check, be prepared for a very meager existence.

### 6. If I wait ten years to start saving but save twice as much for ten years to make up for lost time, I'll have the same amount as someone starting out now.

- A) True B) False

*Answer:* B. Assuming you both have the same rate of return, compound earnings will give the person who starts saving now potentially more than twice what you would have.



### 7. I have a 401(k)/403(b) account with my former employer. If I cash it out, I could lose almost half of my balance to taxes and penalties.

- A) True B) False

*Answer:* A. Federal taxes of 20%, state taxes of about 10%, and (if you're under age 59 1/2) a 10% penalty for early withdrawal take a huge bite out of your cash-out. More importantly, you set your retirement savings back to square one. You're much better off rolling it tax-free into your current plan or an IRA.

### 8. I should always pay off high-interest debt before saving in the 401(k)/403(b) plan.

- A) True B) False

*Answer:* B. In general, paying off debt should be your priority. However, you could be missing out on free money if your employer has a matching contribution. It makes sense to save at least enough to maximize a matching contribution while attacking your debt.

For more quiz questions, go to [www.tri-ad.com/RetirementSavingsQuiz](http://www.tri-ad.com/RetirementSavingsQuiz)

## How Did You Score?

If you got more than 5 answers right, you've been paying attention to important guidelines for securing a comfortable future.

If you got fewer than 5 answers right, it's time to study up on retirement savings. Start at [www.tri-ad.com/401k](http://www.tri-ad.com/401k) or [www.tri-ad.com/403b](http://www.tri-ad.com/403b) where you'll find newsletters, calculators and other tools to help you get a better idea of what it will take to secure a sufficient retirement income.

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