

2022-2023 Edition

401(k)

Plan for your Future

Education & Enrollment



Presented by: Mark Goldfinger



STONEHENGE
RETIREMENT PLANNERS

What is a Pension?

What is a Pension?

Guaranteed Lifetime Income!

Income you get when retire
(and in most cases your spouse as well)
for as long as you (both) are alive.

IMPORTANT NOTE: 401(k)s Are **NOT** Pensions!

Who Will Get A Pension?

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Typically – All Government Employees

Typically – Most Public School Teachers

A Few Very Large Corporations Still Offer Pensions

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QUESTION: Do You Have A Pension?

Do You Have A Pension?

You Do Have A Pension! It's Called Social Security!

You Contribute 7.65% Each and Every Paycheck!

Your Company Also Kicks In 7.65%!

Social Security Will Provide Lifetime Income

BUT – Social Security only provides income –
for as long as you are alive!

If you never reach retirement age, there's no payout!

Who Will Get A Pension?

Social Security Was Created In 1935!

They Chose Age 65 As The Age Of Retirement.

Why Was Age 65 Chosen?

Who Will Get A Pension?

Social Security Was Created In 1935!

They Chose Age 65 As The Age Of Retirement.

Why Was Age 65 Chosen?

Life Expectancy (in 1935) Was 68!

(Today --- Life Expectancy Is Approx. 85!)

In 1935, The Govt. Planned To Pay Income For 3 Years!

Who Will Get A Pension?

Today, Our Government Reports That
Social Security Income Benefits Will Cover
Approx. 1/3 of Our Retirement Income Needs

So ... Where Will The Remainder of Our Retirement Income Needs Come From?

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- From Winning The Lottery?!?

Not a really good retirement plan!

So ... Where Will The Remainder of Our Retirement Income Needs Come From?

- From Winning The Lottery?!?
- From SAVINGS! (Current Income)
ENTER --- Your company's 401(k) Plan!

What is a 401(k) plan?



The term 401(k) refers to a section of the Internal Revenue Code that permits deferring taxes on retirement savings deducted directly from payroll.



The federal government and most state governments have enacted policies to permit federal income tax deferrals to encourage appropriate savings for retirement.



Whose money is it?

**YOUR CONTRIBUTIONS ARE ALWAYS
100% YOURS!**

**IN THE EVENT OF SEPARATION FROM THE
COMPANY, YOU WOULD BE ABLE TO
ROLLOVER YOUR 401(K) BALANCE TO
EITHER AN IRA OR ANOTHER 401(K)**

What is a 401(k) plan?



What If I Need The Money In My 401(k) Before Retirement?

Withdrawing Your 401(k) Before You Are 59½ Can Not Only Cost You Taxes, But May Also Cost A 10% Early Withdrawal Penalty!

How can I access **MY MONEY?**

- **Participants may begin withdrawing at age 59½ without penalty.**
- **Termination of employment**
- **Incurring a term of disability which is expected to last at least 12 months**
- **Loans are available.**
- **Termination of the plan**
- **Death of the plan participant**



What is a 401(k) plan?



Since Your 401(k) Contributions Will Always Be Your Money, You Will Need To Have A Designated Beneficiary.

If You Are Married, Your Spouse Will Need To Be Your Designated Beneficiary, Unless Your Spouse Agrees To Sign And Notarize Otherwise! Good Luck! 😊

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Maximum 401k Contributions for 2022 is \$20,500! For 2023 it is \$22,500!

If You Are Over The Age Of 50, You May Contribute An Additional \$6,500 (in 2022) or \$7,500 (in 2023) Into Your 401(k) Plan – Using The “Catch-up” Provision.

Your 401(k) plan has TWO options



**(PRE-TAX)
401(k)**



**ROTH
(After Tax)
401(k)**

Pre-Tax 401(k) Savings Advantages!



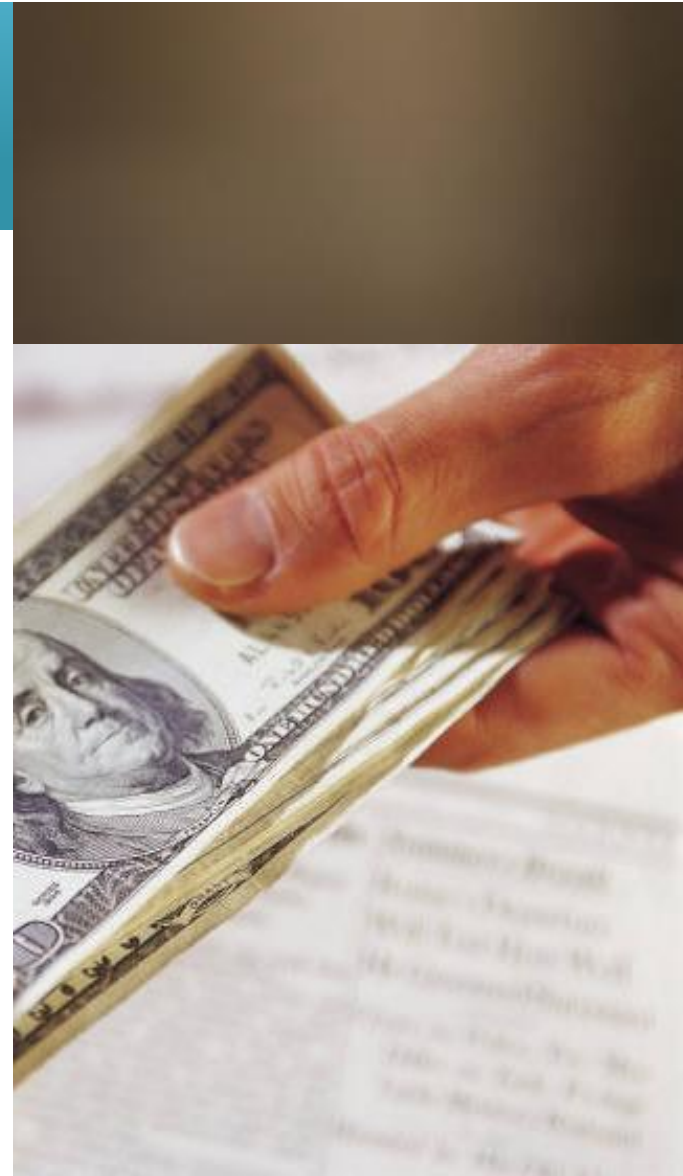
▲
**The tax
advantage**



▲
**The take-home
advantage**

The Tax **ADVANTAGE**

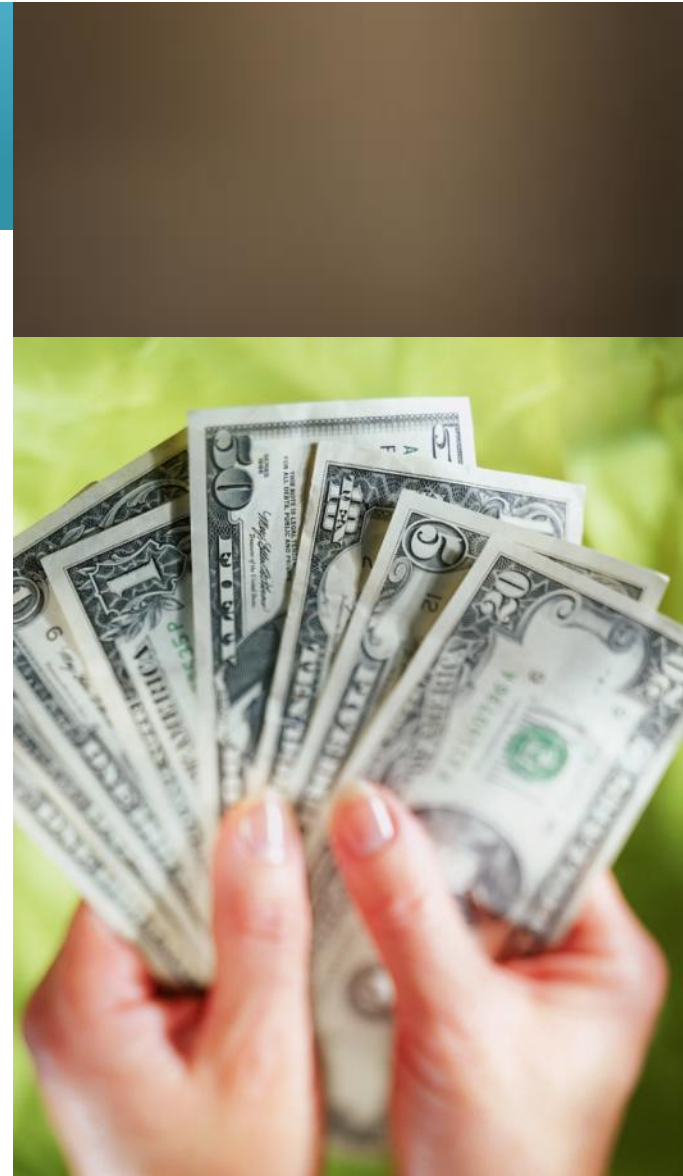
- You can save with tax-deferred dollars, which means you don't pay federal or state income taxes on the money you save until you withdraw it, generally at retirement.
- At retirement, you may be in a lower tax bracket. The growth and appreciation from the money you put away in your 401(k) will also be tax deferred, so your retirement nest egg grows faster.



The Take-Home **ADVANTAGE**

	Without 401(k)	With 401(k)
Weekly Gross Pay	\$1,000	\$1,000
401(k) ----- at 5%		\$50
Taxable Pay	\$1,000	\$950
Federal Income Tax (25%)	-\$250.00	-\$237.50
NET TAKE-HOME PAY	<u>\$750.00</u>	<u>\$712.50</u>

**Saving \$50 per Paycheck, Reduces
Your Take Home Pay To \$37.50!**



Roth 401(k) Savings Advantages!



Pay The Taxes Now!

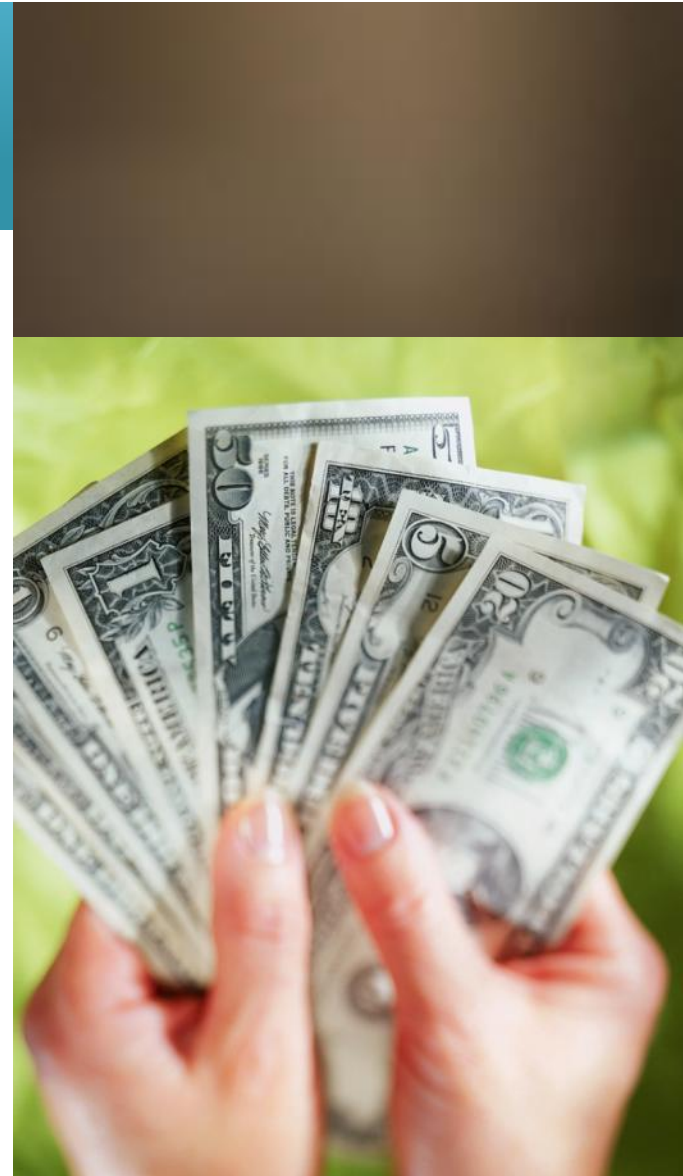


No Taxes Later!

The Roth 401(k) **ADVANTAGE**

	Without Roth 401(k)	With Roth 401(k)
Weekly Gross Pay	\$1,000	\$1,000
Taxable Pay	\$1,000	\$1,000
Federal Income Tax (25%)	-\$250.00	-\$250.00
401(k) ----- at 5%		\$50.00
NET TAKE-HOME PAY	<u>\$750.00</u>	<u>\$700.00</u>

**Saving \$50 per Paycheck, Reduces
Your Take Home Pay By \$50!**



Three Decisions If You Wish To Participate

- One - How much to contribute into your 401(k) - (you will need to decide on a contribution percentage). This % can be raised or lowered whenever you desire!

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- Two - Whether your investment % will go into the Pre-Tax 401(k) or Roth 401(k). Note, you may choose both if you wish!

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- Two - Whether your investment % will go into the Pre-Tax 401(k) or Roth 401(k). Note, you may choose both if you wish!
- Three - Into which funds shall I choose to place my contributions.

The 2 Rules of Investing

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The More **Risk** We Take –
The More **Reward** We Should Receive!

Conversely --- The Less **Risk** We Take –
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The 2 Rules of Investing

Rule #2 - It's Always About Diversification!

As The Saying Goes:



**“Never Put All Your Eggs ...
In One Basket!”**

The 3 Basic Types of Investments

- **CASH**



- **BONDS**



- **STOCKS**



CASH!

The Safest Place To Keep Your Money



Bank CDs --- Insured By FDIC
Money Market --- Insured By



(And No -- We Are Not Talking About Keeping Your Cash Under Your Mattress. This Is NOT Safe!)

Advantages of Investing In Cash:

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Cash Is Not A Great 401(k) Investment Choice



Bonds!

Typically - Bonds Are Bought For Income!

What Exactly Is A Bond?

Think IOU.... I Owe You \$ For Buying My Bond!

Example: \$1,000 US Govt 10 Year Bond

Guarantees A Fixed (Income) % Every Year For 10 Years

After 10 Years --- The Govt Redeems Your Bond

For The Same Price You Paid (In This Example - \$1,000)

STOCKS!

Ownership In Public Corporations

Historically The Best Place To Grow Your 401(k)

Stocks Are Categorized Two Ways:

GROWTH STOCKS or **VALUE** STOCKS

Growth Stocks: Usually Reinvest Any Profits Back Into The Company And Do Not Pay Dividends

Value Stocks: Are Usually Older and Established Companies That Pay Dividends To Stockowners

STOCKS!

Value & Growth Stocks Are Categorized By Size
Such as Small Cap, Mid Cap, and Large Cap

Small Cap Value

Brown & Brown Insurance



Small Cap Growth

Darling Ingredients



STOCKS!

Large Cap Value

P&G (Proctor & Gamble)



Large Cap Growth

Starbucks

Amazon

Qualcomm

Apple

Costco

**Your 401(k) Plan Offers
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So, where should you invest?

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Please remember the 2 rules of investing!

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Asset class returns 2001-2020

A diversified portfolio may reduce volatility

Ranked annual total returns of key indices (2001–2020)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Best	Fixed income 8.4%	Fixed income 10.3%	Sm cap 47.3%	Int'l 20.3%	Int'l 13.5%	Int'l 26.3%	Lg cap growth 11.8%	Fixed income 5.2%	Lg cap growth 37.2%	Sm cap 26.9%	Fixed income 7.8%	Lg cap value 17.5%	Sm cap 38.8%	Lg cap core 13.7%	Lg cap growth 5.7%	Sm cap 21.3%	Lg cap growth 30.2%	Cash 1.9%	Lg cap growth 36.4%	Lg cap growth 38.5%
	Cash 4.4%	Cash 1.8%	Int'l 38.6%	Sm cap 18.3%	Lg cap value 7.1%	Lg cap value 22.3%	Int'l 11.2%	Cash 2.1%	Int'l 31.8%	Lg cap growth 16.7%	Lg cap growth 2.6%	Int'l 17.3%	Lg cap growth 33.5%	Lg cap value 13.5%	Lg cap core 14%	Lg cap value 17.3%	Int'l 25.0%	Fixed income 0.0%	Lg cap core 31.5%	Sm cap 20.0%
	Sm cap 2.5%	Div portfolio -9.8%	Lg cap value 30.0%	Lg cap value 16.5%	Div portfolio 5.4%	Sm cap 18.4%	Fixed income 7.0%	Div portfolio -22.8%	Sm cap 27.2%	Lg cap value 15.5%	Lg cap core 2.1%	Sm cap 16.4%	Lg cap value 32.5%	Lg cap growth 13.1%	Fixed income 0.6%	Lg cap core 12.0%	Lg cap core 21.8%	Lg cap growth -1.5%	Lg cap core 26.5%	Lg cap core 18.4%
	Div portfolio -4.8%	Lg cap value -15.5%	Lg cap growth 29.8%	Lg cap core 10.9%	Lg cap growth 5.3%	Lg cap core 15.8%	Div portfolio 6.0%	Sm cap -33.8%	Lg cap core 26.5%	Lg cap core 15.1%	Div portfolio 1.8%	Lg cap core 16.0%	Lg cap core 32.4%	Div portfolio 8.1%	Div portfolio 0.1%	Div portfolio 8.7%	Div portfolio 15.1%	Lg cap core -4.4%	Sm cap 25.5%	Div portfolio 14.7%
	Lg cap value -5.6%	Int'l -15.9%	Lg cap core 28.7%	Div portfolio 10.5%	Lg cap core 4.9%	Div portfolio 13.0%	Lg cap core 5.5%	Lg cap value -36.9%	Div portfolio 20.8%	Div portfolio 13.0%	Lg cap value 0.4%	Lg cap growth 15.3%	Int'l 22.8%	Fixed income 6.0%	Cash 0.1%	Lg cap growth 7.1%	Sm cap 14.7%	Div portfolio -4.7%	Int'l 22.0%	Int'l 7.8%
	Lg cap core -11.9%	Sm cap -20.5%	Div portfolio 23.5%	Lg cap growth 6.3%	Sm cap 4.6%	Lg cap growth 9.1%	Cash 5.0%	Lg cap core -37.0%	Lg cap value 19.7%	Int'l 7.8%	Cash 0.1%	Div portfolio 12.2%	Div portfolio 20.3%	Sm cap 4.9%	Int'l -0.8%	Fixed income 2.7%	Lg cap value 13.7%	Lg cap value -8.3%	Div portfolio 22.0%	Fixed income 7.5%
	Lg cap growth -20.4%	Lg cap core -22.1%	Fixed income 4.1%	Fixed income 4.3%	Cash 3.1%	Cash 4.9%	Lg cap value -0.2%	Lg cap growth -38.4%	Fixed income 5.9%	Fixed income 6.5%	Sm cap -4.2%	Fixed income 4.2%	Cash 0.1%	Cash 0.0%	Lg cap value -3.8%	Int'l 1.0%	Fixed income 3.5%	Sm cap -11.0%	Fixed income 8.7%	Lg cap value 2.8%
Worst	Int'l -21.4%	Lg cap growth -27.9%	Cash 1.2%	Cash 1.3%	Fixed income 2.4%	Fixed income 4.3%	Sm cap -1.6%	Int'l -43.4%	Cash 0.2%	Cash 0.1%	Int'l -12.1%	Cash 0.1%	Fixed income -2.0%	Int'l -4.9%	Sm cap -4.4%	Cash 0.3%	Cash 0.9%	Int'l -13.8%	Cash 2.3%	Cash 0.7%

Cash is represented by the Russell 1000 Value Index, which consists of those Russell 1000 Index securities with lower price-to-book ratios and lower forecasted growth rates. **Large cap value** is represented by the Russell 1000 Value Index, which consists of those Russell 1000 Index securities with lower price-to-book ratios and lower forecasted growth rates. **Small cap** is represented by the Russell 2000 Index, which is a market-weighted small capitalization index composed of the smaller 2,000 stocks, ranked by market capitalization, of the Russell 3000 Index.

Source: Informa Investment Solutions. Past performance is no guarantee of future results. The information provided is for illustrative purposes and is not meant to represent the performance of any particular investment. Assumes reinvestment of all distributions. It is not possible to directly invest in an index. Diversification does not guarantee a profit or protect against loss.



STONEHENGE
RETIREMENT PLANNERS

**As your Licensed Fiduciary Investment Advisor,
I am a phone call or email away!**





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Mark was born in Brooklyn, New York, and graduated from Baruch College, where he earned his BBA, and from St. John's University, where he earned his MBA. He is the founder and owner of Stonehenge Retirement Planners LLC, a Registered Investment Advisory (RIA) organization [IARD#292489] that provides customized and personalized retirement services for Plan Sponsors and their employees throughout the entire west coast. Mark is an Accredited Investment Fiduciary (AIF®), offering Retirement Planning for his growing list of satisfied clients.

Mark has acquired many professional licenses and accreditations throughout his professional career. This includes: FINRA Series 7, 31, 63, and 66; Certified Financial Manager (CFM); Chartered Retired Planning Counselor (CRPC); Certified Special Needs Advisor (CSNA); Investment Advisor Representative (IAR) [SEC CRD#4921926]; Life/Health/Medicare and P&C insurance agent (Lic.#0D00057); Certified Annuity Angel Advisor (CAAA).

Mark married his college sweetheart, Linda Goldfinger, who works as a Gerontologist, assisting Alzheimer patients at the Alzheimer Association. Mark and Linda have three adult children, and several wonderful grandchildren. As a former college varsity basketball player, Mark added basketball coach to his various leisure activities – coaching "championship" teams from elementary school, high school, and UCLA inter-mural teams (which featured both his sons). For relaxation, Mark and Linda can often be found calling bingo games and running the charity blackjack tables at their local adult day care center.

