

PAYCHEX  2022 Enrollment

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 – 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?

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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 Paychex 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 Contributions for 2022 is \$20,500!

If You Are Over The Age Of 50, You May Contribute An Additional \$6,500 Into Your 401(k) Plan – Using The “Catch-up” Provision – For A Maximum Contribution of \$27,000!

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**

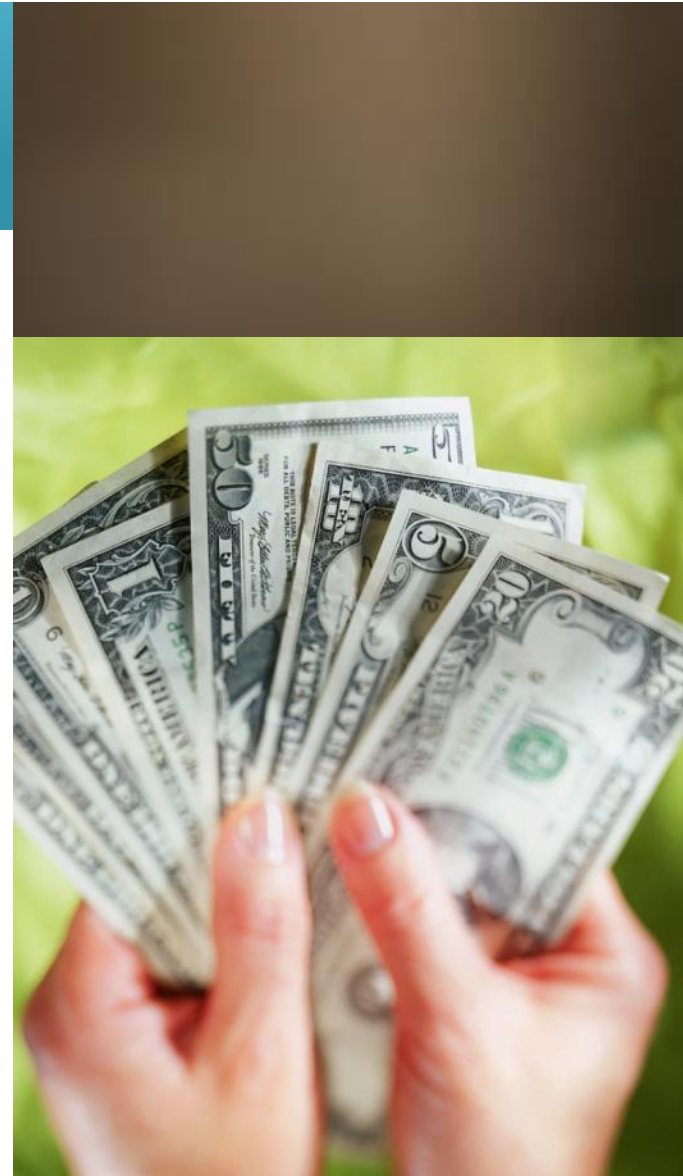
- You can save with tax-deferred dollars, which means you don't pay federal or state income taxes on the money you save until you withdraw it, generally at retirement.
- At retirement, you may be in a lower tax bracket. The growth and appreciation from the money you put away in your 401(k) will also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

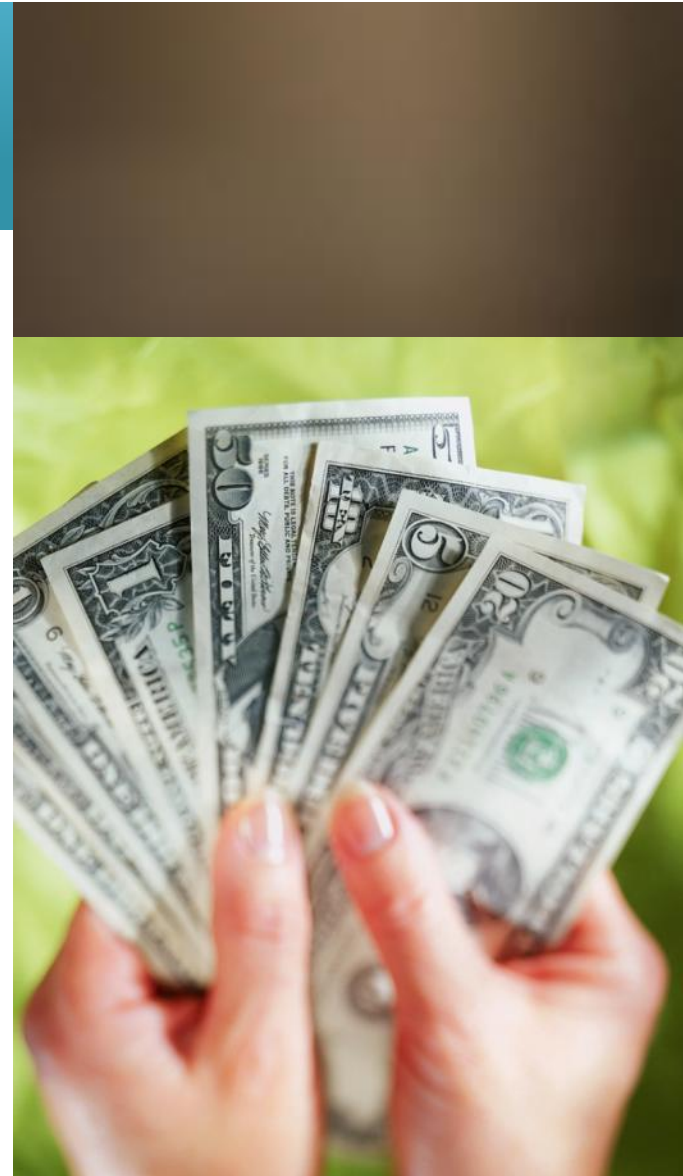


No Taxes Later!

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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- 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 –
The Less **Reward** We Should Receive!

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

Example: Tootsie Roll



Small Cap Growth

Example: iRobot



STOCKS!

Large Cap Value

Example: P&G (Proctor & Gamble)



Large Cap Growth

Example: Starbucks



Your 401(k) Plan Offers Many Investment Choices!

So, where should you invest?

This depends on your personal tolerance for risk, your age (and how many years until you retire), and what other retirement plans you may already have in place.

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

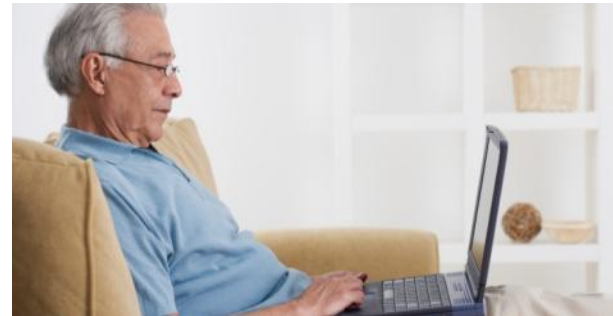
Managing Your 401(k) Account

☒ *By Phone*



**Just Call:
1-877-244-1771
from any touch-tone
phone.**

☒ *By Computer*



24/7

Access online at:

<https://www.paychexflex.com>

Select “Register for a new account” under the “New Users” Heading. Once Registration is complete, click “Retirement Services” located on the left menu. Click “Enroll Now” when prompted. Determine the amount (%) of your pay that you want to contribute to your plan. Select your investments in 1% increments making sure that the investment total is 100%.

Always Remember: **YOU ARE IN CONTROL!**



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STONEHENGE
 RETIREMENT PLANNERS

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Mark was born and raised in Brooklyn, New York. He earned his BBA from Baruch College, and his MBA from St. John's University. Mark provides expert fiduciary Retirement Planning services for both Plan Sponsors and Plan Participants in California and Arizona. He is the proud owner of Stonehenge Retirement Planners LLC, a FINRA Registered Investment Advisor firm, where he creates personalized Portfolio Management strategies with a focus on **"stress-free"** retirement solutions.

Mark has acquired many important financial designations and professional licenses, including: FINRA Series 7, 31, 65, & 66, Certified Financial Manager, Chartered Retired Planning Counselor, Certified Special Needs Advisor, and Investment Advisor Representative. His current licenses include: LTC, Life & Health Insurance (CA Lic. #0D00057), Medicare, Fixed Index Annuities, Property & Casualty Insurance, and Real Estate.

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 three grandchildren. A former varsity High School and College basketball player, Mark also coached several championship basketball teams from elementary school, high school, and even his son's UCLA inter-mural teams. For relaxation, Mark and Linda can often be found calling bingo games or running the charity blackjack tables at the senior assisted living facilities near their home.

