

Tax Deferral

Putting off taxes can be a good thing

Special Report



Nobody enjoys paying income taxes. By investing in your employer-sponsored retirement plan, you may be able to save money on your tax bill.

The impact of deferral

As you read through the many features of your employer-sponsored retirement plan, one term you'll see is "tax deferral." To "defer" taxes literally means to put off paying them. But, as you know, when you put off paying anything, it may cost you later (think of your credit card bill). In some circumstances, tax deferral may save you money when you retire.

When you invest in your tax-deferred employer-sponsored retirement plan, you not only put off paying income taxes on the money you contribute, you may also save money on the taxes you eventually will pay.

Save now, pay later

The money you contribute to an employer-sponsored retirement plan is taken directly off the top of your paycheck – before income tax and any other automatic weekly withdrawals. The portion deducted goes directly into your retirement savings plan, so you're left with a smaller dollar amount in your paycheck that can be taxed now by the IRS.

As a result, you'll pay less in your current income taxes for the year, because in the eyes of the IRS, you've been paid less money. This can help reduce the impact to your overall take-home income.

Of course, the money that you put in your plan eventually will be taxed, but not until you withdraw it. For many people, that won't happen until your retirement – possibly decades later – when you could be in a lower income tax bracket. That means you could be paying them at a lower rate when you finally do "take home" your money.

How the math works

The math of tax deferral is simple: for example, if you're in the 31 percent tax bracket, and you contribute \$5,000 a year to your retirement plan, that's \$5,000 of your salary on which you would not pay taxes this year. You would reduce your annual tax bill by \$1,550 ($\$5,000 \times .31$).

Putting your savings to work

While saving on current and future taxes is one feature of a tax-deferred retirement plan, you can save even more when you account for the growth potential of your account. When you invest, you earn interest on your money. And then that interest earns interest. That's called compound interest, and it can help your account to grow over time.

Taking compound interest into account, the chart below helps show the difference between saving \$100 monthly over 30 years with a tax-deferred account versus a fully taxable account.

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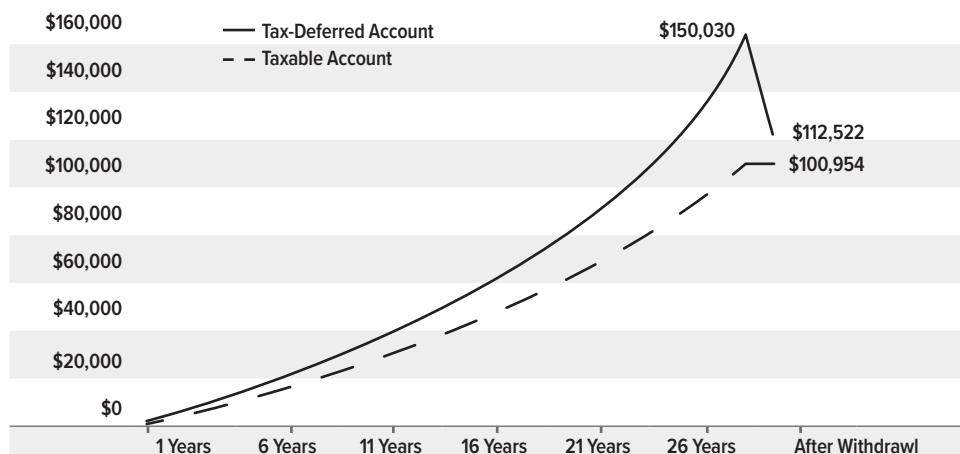
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According to the chart, even if the entire amount in the tax-deferred account was withdrawn after 30 years and taxed, more money would still be left than in the taxable account. Note that withdrawals from tax-deferred plans before age 59½ may be subject to penalty taxes.

Put off your taxes – and save

By choosing to contribute to your tax-deferred employer-sponsored retirement plan, you may be able to save more now and in the future. To learn more about the features of a tax deferred retirement plan, talk to your Voya representative.

Putting your savings to work



The chart is hypothetical and is not intended to reflect the performance of any particular investment. The results of investing \$100 of qualified assets into taxable and tax-deferred investments are compared. It does not reflect any applicable deductions for annual administrative charges or specific portfolio management fees, which would reduce the return, for the taxable or tax-deferred investments. This hypothetical example is not guaranteed and does not reflect any specific product. Investments are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, may be worth more or less than the original investment. The chart assumes a 6% return rate and a 31% tax rate applied each year to the taxable investment. Withdrawals of taxable amounts will be subject to income tax and, prior to age 59½, may be subject to a 10% IRS penalty tax. Please note that lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Please consider your personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision as these may further impact the results of this comparison. Systematic investing does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue their purchases through periods of low price levels. Systematic investing does not ensure a profit or guarantee against loss. You should consider your financial ability to continue purchases through periods of low price levels.

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Do something good for yourself



It's easy to get started

The steps you take today will affect how you spend tomorrow. On your journey to retirement do something good for yourself by planning ahead for the kind of future you envision. Enroll in your employer's retirement savings plan to set a little aside regularly for the kind of retirement you can look forward to.

- 1 Go to enroll.voya.com
- 2 Enter plan number
VT4470
- 3 Enter verification number
019897
- 4 Complete the UDC Salary Reduction Agreement to start your contributions.

5 reasons to enroll now

1. Make changes anytime
2. Save automatically
3. Help lower your taxable income
4. Invest your way
5. Take your money with you

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For more information contact:

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The future is yours. I can help you prepare for it.

Let's get acquainted.

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Shoulder to shoulder, working toward your financial goals

I bet you think a lot about your financial goals. You wonder, "How much will I need to reach them?" "How much should I be saving?" "Am I on track to reach a comfortable retirement?" These are challenging questions, but they're ones I can help you answer.

Together we can develop a personalized plan with realistic steps to help you move toward your objectives, while keeping you in financial control along the way.

No matter what stage of life you find yourself in, you're never too young or old to prepare for your financial future. Call me to get the conversation started.

A bit about me

The financial well being of the client is my ultimate goal! My mission is to help you make smart financial decisions by offering a holistic customized service in the following areas:

Planning Services / Investments:

- Fee Based Financial Plans
- Retirement Planning
- Portfolio Modeling
- College Funding
- Estate Planning
- Annuities (Variable & Fixed Index)
- IRA (Traditional, ROTH, SEP, SIMPLE)
- 401(k), 403(b), Deferred Compensation, Profit Sharing
- Mutual Funds, Stocks, Bonds, ETFs, CDs

Risk Management:

- Life Insurance Planning
- Disability Planning
- Long Term Care Planning
- Medicare Planning

I hold the following registrations, licenses and/or professional designations:

- Series 7 - General Securities Representative
- Series 63 - Uniform Securities Agent State Law Examination
- Series 65 - The Uniform Investment Adviser Law Examination
- Life, Health and Variable Annuity Insurance license
- B.B.A. Finance, Howard University

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The future is yours. I can help with information about retirement planning.

Let's get acquainted.

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Shoulder to shoulder, working toward your financial goals

You may be thinking about your financial goals. You wonder, "How much will I need to reach them?" "How much should I be saving?" "Am I on track to reach a comfortable retirement?" These are challenging questions, but they're ones I can provide information that will help you find answers.

With this information, you can move toward your objectives, while keeping you in financial control along the way.

No matter what stage of life you find yourself in, you're never too young or old to prepare for your financial future. I can help you get the conversation started.

A bit about me

I have more than 19 years of financial services experience, so I can help you develop and implement holistic financial solutions. Specifically, I can:

- Help you review your plans for the future and compare them to how (and how much) you save
- Design a financial plan and help you follow it
- Create retirement-planning action steps based on your personal goals
- Provide ongoing personal guidance and advice to help you manage your plan
- Explore estate planning options to help you leave a legacy
- Help you develop a budget for today's expenses and for living in retirement
- Work with you to create a succession plan for your small business

I hold the following registrations, licenses and/or professional designations:

- Series 6 - Investment Company/ Variable Contracts Products Representative
- Series 7 - General Securities Representative
- Series 63 - Uniform Securities Agent State Law Examination
- Series 65 - The Uniform Investment Adviser Law Examination
- Certified Fund Specialist (CFS)
- Registered Financial Consultant (RFC)
- Chartered Retirement Planning Counselor (CRPC)
- Life, Health and Variable Annuity Insurance license

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