



RETIREMENT
PARTNERS of
HAWAI'I

LET US HELP YOU WRITE YOUR RETIREMENT STORY

THE POWER OF 1%

60% of people say their 401(k) is the largest or only source of retirement savings, so why not make the most of your retirement savings account?¹

Contributions are on the rise!

In 2019, the contribution limit for a 401(k) has been increased to \$19,000²

How much should you be saving for retirement each year?

Start as early as possible and increase when possible
Industry experts recommended 15% of your pre-tax income each year³

**Percentages not your thing?
Let's break it down... Could you save?**

5% = \$5

out of every
\$100 Earned

10% = \$10

out of every
\$100 Earned

15% = \$15

out of every
\$100 Earned

What is compound interest?

Earning interest income on already existing interest income
Saving 1% more each year can make a big difference in the long run



Maria,
25 Years Old,
Income of \$50,000⁴

Increase by **1%** = \$149,625
potential additional funds at
retirement

Increase by **3%** = \$448,877
potential additional funds at
retirement

Increase by **5%** = \$748,128
potential additional funds at
retirement



Joe,
45 Years Old,
Income of \$70,000⁴

Increase by **1%** = \$42,925
potential additional funds at
retirement

Increase by **3%** = \$128,777
potential additional funds at
retirement

Increase by **5%** = \$214,628
potential additional funds at
retirement

¹ Charles Schwab. 2017 401(k) Participation Survey. August 2017.

² Morningstar. You can contribute more to your 401(k) and IRA in 2019. November 2018.

³ Fidelity. How much should I save for retirement? August 2018.

⁴ Fidelity. Power of small amounts. June 2016.

*Approximation based on a 1%, 3%, or 5% increase in contribution. Continued employment from current age to retirement age, 67. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.5%. Hypothetical nominal salary growth rate is assumed to be 4% (2.5% inflation + 1.5% real salary growth rate). All accumulated retirement savings amounts are shown in future (nominal) dollars.

Your own plan account may earn more or less than this example, and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against a loss in declining markets.

Investing involves risk, including the risk of loss



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