Did you know…

■ that retirement can last for 30 years or more?
■ that a common rule to follow is that a retiree will need up to 80% of his/her annual income today to retire comfortably?
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This brochure highlights the many benefits of an employee retirement plan. It addresses the first steps of thinking about a retirement plan and the stages in the “life” of the plan (choosing, establishing, operating, and terminating). It also provides references to other subject-related materials and contacts for further assistance with a retirement plan.

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What resources are available on retirement plans?

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Lots of Benefits when you set up an employee retirement plan

The route to retirement security is the right retirement plan. We’ll help you along the way!
What are the “stages” in a retirement plan?

Every retirement plan has a life span with four stages through which the plan evolves—Choosing, Establishing, Operating, and Terminating.

Stage One: Choosing
You begin thinking ahead:
1) towards retirement in general; and
2) towards learning specifically about ways that money can be put aside for your retirement and, as a business owner, the retirement of your employees, as well.

Stage Two: Establishing
You take the necessary steps to put your plan in place. Depending on the type of plan, the range of administrative steps may vary, such as:
- arranging a fund for the plan’s assets
- adopting a written plan
- notifying eligible employees
- developing a recordkeeping system.

Stage Three: Operating
You want to operate your retirement plan so it grows and evolves into the valuable retirement vehicle you need. Depending on the type of plan established, there are a number of steps that you need to take to operate your plan on an ongoing basis, such as:
- covering eligible employees
- making appropriate contributions
- keeping the plan up-to-date with the retirement plan law
- managing the plan assets
- providing information to employees participating in the plan
- distributing appropriate benefits.

Stage Four: Terminating
When your plan no longer suits the purposes of your business, you will close out your retirement plan and notify the appropriate parties.

You may want to discuss these four stages with a tax professional familiar with retirement plans or a financial institution that offers retirement plans.
Why should you set up an employee retirement plan, and what are some of the benefits?

A retirement plan has lots of benefits—for you, your business and your employees. Retirement plans allow investing in the future now for financial security when you and your employees retire. As a bonus, you and your employees get significant tax advantages and other incentives.

**Business Benefits**
- Employer contributions are tax deductible.
- Assets in the plan grow tax-free.
- Assets grow with compounding interest.
- Businesses may receive tax credits and other incentives for starting a plan.
- A retirement plan can attract and retain better employees, and consequently reduce new employee training costs.

**Employee Benefits**
- Tax on employee contributions is deferred until distributed.
- Investment gains in the plan are not taxed until distributed.
- Retirement assets can be carried from one employer to another.
- Contributions can be made easily through payroll deductions.
- Saver’s Credit is available.
- Flexible plan options are available.
- Better financial security is available upon retirement.

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