

SIMPLYPUT

Retirement Savings Education, Simplified

Second Quarter 2018

Increase Your Savings Automatically!

Life is busy. We work, travel, cook, raise kids, socialize, run errands, and hopefully, at some point, sleep! On top of all of that, our to-do lists continue to grow far beyond the number of hours in a day. So how do we get everything done and stay on track to reach our goals? We automate our lives using technology to help simplify our daily tasks, allowing us to focus on the more important things.

Saving money for retirement is no different. Over the years the deferred comp plan has implemented several automatic features – contributions, enrollment, and escalation – to help you stay on track to reach your long-term savings goals. Auto increase or escalation is just one of the voluntary tools available to state of Missouri employees. It allows deferred comp savers to automatically increase their percentage-based contribution (in as a little as 0.1% increments) on an anniversary date he or she chooses. This tool allows plan participants to grow their savings contributions each year without significantly affecting their take home pay.

21,355

or **roughly 60.5%** of actively contributing deferred comp participants are saving with a percent-of-pay contribution!

Only 2.8%

of actively contributing deferred comp savers are using the Auto Increase tool!

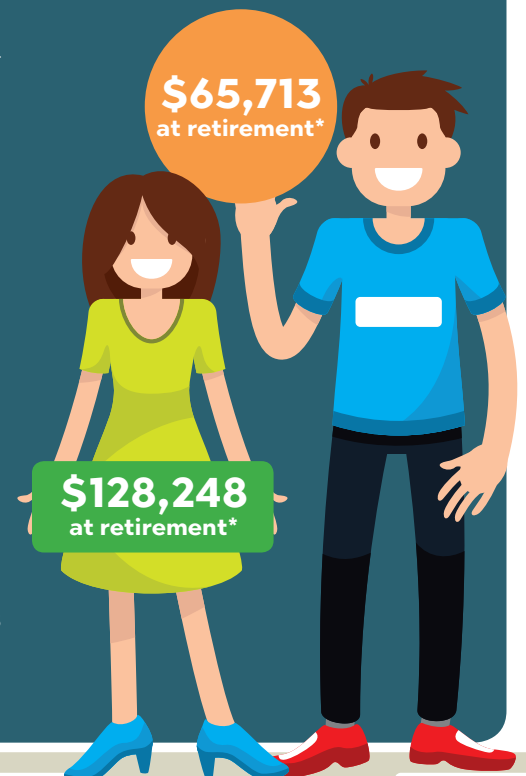
Make an Impact on Your Savings with Auto Increase

Auto Increase is one of the most effective tools offered by deferred comp; helping savers boost their balance at retirement. Let's take a look at how this simple tool can make a big difference on a state employee's savings.

Trent and Emma started with the state of Missouri on the exact same day, 25 years ago, making \$33,000 a year. At hire, Trent decided to increase his contribution to 3% or \$41.25 per pay period and left it the same throughout his career. Emma decided to stick with 1% per pay period, but she elected to have a 0.5% annual auto-increase. Emma's first contribution to the deferred comp plan was only \$13.75 and each year it increased by 0.5% – roughly \$7 – making it easy for her to contribute more over time.

At retirement, Trent had a balance of \$65,713 while Emma's balance equated to \$128,248.* Both savers chose to use a "set it and forget it" savings strategy, however, the auto increase tool helped Emma automatically save nearly double the amount Trent saved throughout her career.

To see how the auto increase feature can help you save, visit www.modeferredcomp.org and use the *Grow Your Retirement Savings* calculator. This tool uses illustrations to show how making regular contributions over a long period of time can have a big impact on your total retirement savings.



*Assuming a 25 year career, 6% rate of return, and 1.5% annual salary increases while employed.

Increase Your Contributions Gradually

When it comes to saving for retirement, most people are not saving enough! Increasing your savings steadily overtime – ie: once a year with auto increase – can help you prepare for and live out your retirement dreams. Below are a few reasons why you should consider saving more with auto increase:

The average US citizen is expected to live roughly 4% years longer than 20 years ago.¹

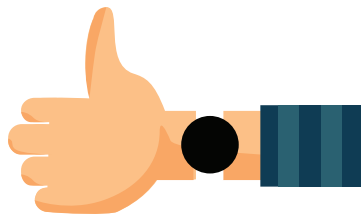
Health care spending per person was \$10,348 in 2016 and is expected to march steadily higher to \$14,944 by 2023.²

For most state employees, their defined benefit pension and social security won't replace their current working income in retirement.³

Due to inflation, your money may buy a lot less in the future than it does today.

Sign Up for Auto Increase TODAY!

1. Log on to **Account Access** through the **ESS Portal** or www.modeferredcomp.org.
2. In the menu, click the **Access My Accounts** option.
3. Choose **Contributions** in the left-hand menu.
4. Click the **Change My Contribution Amount** button at the top of the page.
5. Navigate to the *Automatic Increase form* at the bottom of the page.
6. Enter a percentage amount you'd like your contribution to increase each year. (Remember, increments can be as little as 0.1% and changed at any time.)
7. Select which month you'd like the increase to occur.
8. Click the **Next** button and follow the prompts.



Learn more at

www.modeferredcomp.org

Connect with us on:



VPN000-001-201806

How Does Auto Increase Work?

When the auto increase month you selected at set up rolls around, your contribution percentage will increase by the amount you chose. Unless you shift your auto increase election, your contributions will then continue to increase by that same percentage in the same month each year with no additional action required from you. Remember, Emma from the earlier example? Let's look at her contributions over her career.

Year	Contribution Per Pay Period	Balance
1	\$13.75	\$339
2	\$20.93	\$877
3	\$28.33	\$1,630
4	\$35.95	\$2,617
5	\$43.78	\$3,859
6	\$51.84	\$5,376
7	\$60.14	\$7,191
8	\$68.67	\$9,329
9	\$77.45	\$11,815
10	\$86.47	\$14,677
11	\$95.74	\$17,944
12	\$105.28	\$21,648
13	\$115.08	\$25,822
14	\$125.15	\$30,503
15	\$135.49	\$35,727
16	\$146.12	\$41,535
17	\$157.04	\$47,971
18	\$168.25	\$55,081
19	\$179.76	\$62,913
20	\$191.58	\$71,520
21	\$203.71	\$80,957
22	\$216.17	\$91,283
23	\$228.95	\$102,562
24	\$242.06	\$114,859
25	\$255.52	\$128,248

1 - The World Bank; 2 - U.S. Centers for Medicare & Medicaid Services; 3 - Assumes normal retirement and a single life annuity from MOSERS or MPERS defined benefit pension plan. Social security is an average estimate; replacement income will vary based on when you choose to receive social security benefits and its ability to pay 100% of scheduled benefits. For a more accurate social security calculation, visit www.ssa.gov.