

It's never too early, or too late, to start planning for retirement.

A surprisingly large number of people put off starting their retirement planning for a number of reasons. These range from feeling there are other expenses of more immediate concern to believing that it's much too early in one's career to worry about something that may be 30, 40, or even 50 years in the future.

While most Americans remain optimistic about living a comfortable retirement, with over 7 in 10 workers at least somewhat confident, competing priorities, such as paying for college and reducing debt can impact retirement savings.

7 in 10
workers

8 in 10
retirees

confident in having enough for a comfortable retirement.



Retirement assets should last a lifetime. However, when an individual is asked how long someone his or her age and gender can expect to live, 57% of pre-retirees and 62% of retirees underestimated average longevity.²

This tells us that there is clearly a disconnect between expectations and reality. As a retirement plan provider, we know that it is never too early—or too late—to start planning and saving for retirement.

The Pentegra Participant SmartPath™ offers simple, yet essential tips for building a strategy that can put participants on the path toward a more successful outcome—and secure retirement reality.

²⁰²¹ Retirement Confidence Survey, Employee Benefit Research Institute

Risk and Process of Retirement Survey Report of Findings, The Society of Actuaries, 2011

I. Do the math.

What is important to realize is that the exercise of calculating a retirement savings goal does more than simply provide you with a dollars and cents estimate of how much you will need for the future. It also requires you to visualize the specific details of your desired retirement lifestyle. Before you do anything else, answer these important questions

- When do you plan to retire?
- How much money will you need each year?
- Where and when do you plan to get your retirement income?
- Are your investment expectations in line with the performance potential of the investments you own?
- Which expenses will change in retirement? Which will stay the same?

Will you need 70%, 80%, or even 90% of your income to maintain a desirable standard of living after you retire? The answer to this question is your income replacement ratio—the percentage of your pre-retirement earnings that will provide you with the same standard of living in retirement.

Calculating your income replacement ratio can be a good place to start thinking about how you will pay for retirement. If you're earning \$80,000 annually, replacing 75% to 80% of your income means you will need to come up with somewhere in the neighborhood of \$60,000 to \$65,000 annually.

Savings Rate Required to Attain a 70% Replacement Ratio

Retire at:	Start Savi	ng at:	
	25	35	45
62 65 67 70 Note: The calculations assume a rearonuity with the same rate as in the Source: Center for Retirement Resument Model of the Source of the Sourc	National Retirement Risk Inde earch at Boston College	x. Source: Authors'calculation	ons

sources of income

How much is enough?

According to financial experts, you may need up to a 70% to 90% income replacement ratio to adequately fund your retirement years. In order to attain this level of income replacement in retirement, you should strive to save, across all income sources, approximately 10-15 times gross salary.

The next most important step is identifying how you will produce that income. Your employer sponsored retirement plan will be one of those income sources. Keep in mind that using a replacement ratio is a "rule of thumb" and more of a ballpark estimate than an actual number.

What's your number?

Calculate your retirement savings goal by using one of the many interactive tools available through Pentegra OnLine, such as Guidance or Advice Plus. These tools are designed to help you develop long-term financial plans and determine whether you are on track to achieve your goals, with guidance and recommendations, including a personalized action plan.



Visualize your retirement lifestyle.

2. Think you can't afford to save? You can't afford not to.

Now that you have a plan, if you're not already saving, get started and take advantage of the tax-deferred benefits of saving through a 40 l (k) plan or 403(b) plan.

Your contributions are deducted from your pay before federal income taxes are owed. This means you actually save more in the plan than you sacrifice in take-home pay. For example, if you are in the 15% tax bracket, you save 15 cents in taxes for every dollar you put into your plan, so your out-of-pocket cost is just 85 cents per dollar saved.

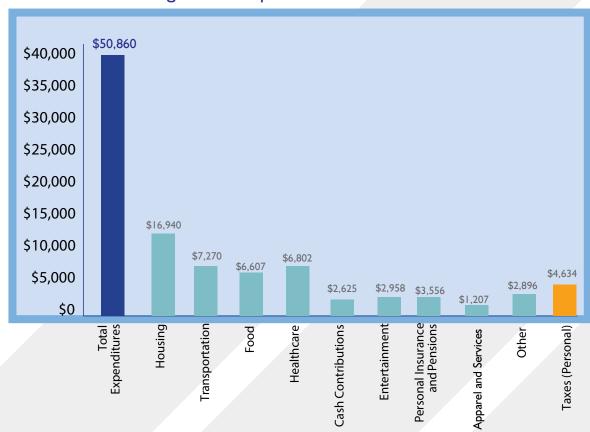
Making tax-deferred contributions is one of the best ways to save. Pretax salary deferrals reduce current taxes as they are not included in your current taxable income. The same is true of the investment earnings your deferrals generate. These tax benefits make the full amount of your contributions and earnings available for investment. axes won't be due until you begin receiving money from the plan, usually during your retirement years.

TAX ADVANTAGED SAVINGS SAVE YOU MONEY NOW, AND IN THE FUTURE				
Pretax contributions may lower current inco	ome taxes—			
leaving more money in your paycheck!	pretax	After-tax		
	plan account	savings account		
Weekly pay	\$400	\$400		
Weekly, pretax savings (5% of pay)	\$20	_		
Taxable income	\$380	\$400		
Weekly, after-tax savings (5% of pay)	_	\$20		
Federal income taxes at 28%	\$106	\$112		
Take-home pay (after savings)	\$274	\$268		
The increase in weekly take-home pay by ma After one year, that adds up to	aking pretax contribution	ons \$5.60 \$291.20		

tax deferred savings

Matching contributions, if your employer offers them, deliver an immediate return on your savings. Be sure to set your contribution at a high enough level to qualify for the maximum in matching funds, or you will be leaving free money on the table. In addition, your plan may allow you to make "catch-up" contributions over and above the regular contribution limit if you are age 50 or older. If possible, take advantage of the opportunity to give your retirement savings a boost.

Average annual expenditures for 65 and older



Source: Bureau of Labor Statistics – Consumer Expenditure Survey, 2019. The amounts for the nine categories (green bars) add up to the total average annual expenditures (blue bar). Taxes are not included in the annual expenditures. Housing represents 33% of the total average expenditure for those age 65 and over. © 2020 Charles Schwab & Co., Inc. All rights reserved. Member: SIPC. (0320-0XCL)

Save for the future and

save on taxes today.

3. Increase your savings rate by I to 2 percent of salary each year.

As your rate of pay increases, so should your contributions to your 40 l (k) plan. If you are currently putting 5 percent of your salary into a retirement savings plan, increase it 6 to 7 percent; if you are at the 6 percent level, increase it to 7 to 8 percent. Most of us receive salary increases at the end of the calendar year; this is often the perfect time for taking some of that increase and putting it directly into your retirement savings plan.

If your plan offers an optional Automatic Savings Increase feature, take advantage of it. An Automatic Savings Increase tool offers an easy way to increase the amount you are saving for retirement each year by setting up annual automatic contribution increases.

The \$16,000 Cup of Coffee

Can saving just a little money, over time, really make a big difference?



Think about this: Everyday items may cost only a few dollars, but when those same dollars are put toward retirement savings and invested, they can really add up.

By saving just a few extra dollars every week, you could significantly increase your retirement savings. Saving just \$4 weekly, or the cost of a cup of gourmet coffee, over the course of 25 years can boost your retirement savings by \$16,608. Saving these few extra dollars is easy when you think of it in these terms.

Could you set aside an extra few dollars each week? If so, here's some motivation to actually do it:

Magazines, once a month \$10 month/\$120 a year \$9,574

Buying lunch, twice a week \$10 week/\$520 a year \$41,519

Movies, once a month \$15 month/\$180 a year \$14,360

Gourmet coffee, once a week \$4 week/\$208 a year \$16,608

Take out for dinner, once a week \$30 week/\$1,560 a year \$124,469

Hypothetical examples of savings are based on contributions made to a tax-deferred retirement account earning an 8% annual rate of return compounded at the same rate as contributions over a 25-year period. Your own investment returns may earn more or less than this example.

increase savings



Saving a little money over time can

make a big difference.

4. Let compounding work its magic

The reason is simple: The money you invest now for your retirement will grow over time thanks to compounding interest. Compounding is what happens when you earn money not just on contributions to your account but also on the earnings themselves. It's interest on interest, and that means your savings grow faster.

The Power Of Compounding



If you invest \$2,000 a year for the first 10 years of a 30-year period with annual compounding at 8%, you will earn more than someone who invests \$2,000 a year from years 10 through 30. Even though the total contribution would be two times greater, it would earn 25% less.

compounding



The money you invest now for your retirement will grow over time thanks to **compounding interest**.

5. Understand asset classes.

Your choice of investments and how they perform over time is a key factor in determining account growth over time. Each asset class has different risk and return characteristics. Determining which are most appropriate for you is the first step in building an investment strategy.

Stock Funds

Stock funds invest in shares of stock in companies. A stock fund's risk and return will depend on the types of stocks it purchases—some funds invest in large, established companies (large-cap stocks), others invest in medium-sized and smaller growing companies (midcap stocks and small-cap stocks) and still others invest overseas in various international markets (international stocks). If the company does well and its stock price increases, your investment will increase in value. If the stock goes down in price, you could lose money. Stocks offer the highest potential investment returns over time but also involve the most amount of risk to your principal.

By investing in the stocks of many companies across many industries, diversified stock funds significantly lower the chance that a downturn at one company or in one industry will affect the fund as a whole. Even so, investors should be aware of the volatility of stock funds and the potential for loss of principal.

What kind of investor should consider stocks?

Stocks may be a good option if you are investing for the long term, may not need your money for at least several years, and are comfortable with the natural investment risk inherent in stocks.

Bond Funds



Bond funds invest in bonds and other interest-earning securities issued by governments and corporations. Bonds are sold to raise money—to build factories or bridges or to expand public services. Bonds promise to pay fixed interest payments and, at the end of the loan (called the bond's maturity), to pay the original investment (principal). Bond maturities generally range from I year to 30 years. In general, the longer the maturity, the higher the interest payments; the market will pay more for a longer term loan. Conversely, the longer the maturity, the greater the risk, as bonds are interest rate sensitive. As interest rates rise and fall, the value of a bond rises and falls in the opposite direction. A bond's promise to pay interest and repay principal is only as good as its issuer's financial strength—the stronger the issuer, the higher the quality of the bond. All things being equal, high-quality bonds will pay lower interest because they are safer; the market will pay less for a less risky loan.

What type of investor should consider bonds?

Bonds may be a good option for investors willing to accept moderate risk who may not need their money for at least several years.

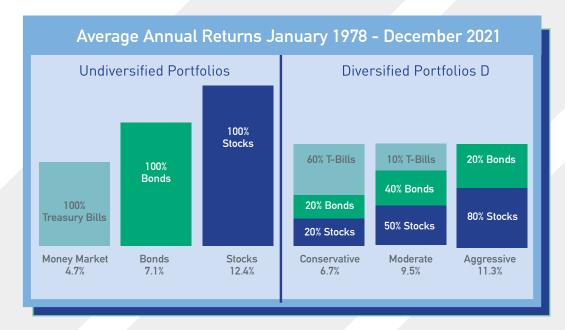


diversification

Fixed Income investments are designed to protect the value of your money over short periods of time. These types of investments generally present a low risk of losing principal. Fixed income funds include money market investments as well as stable value funds. Money market funds invest in short-term securities issued by banks, corporations, and the U.S. Government and its agencies. Because these monies are held for shorter periods of time, the return is generally lower. Stable value funds invest in GICs (guaranteed investment contracts) and BICs (bank investment contracts), as well as money market securities (Treasury bills, notes and bonds that are soon to mature) and other "cash-equivalent" investments. The biggest risk associated with these funds is not earning enough to outpace inflation. Many investors choose short-term funds for their relatively high degree of safety—but there is a price for this safety. The low rates of return mean that their real returns (total returns minus the rate of inflation) are either very low or zero. Short-term funds can be a good way to preserve savings you'll need within a short time period.

What type of investor should consider fixed income investments?

Short-term investments are generally a good option for conservative investors who may not need their money for about one to three years and are willing to accept the risk of not keeping up with inflation; or to balance a more aggressive portfolios.



Your choice of investments—a key factor

in account growth.

6. Know your risk tolerance and time horizon.

How you invest depends in large part on your personal situation; the time you have until retirement, the amount of risk you're willing to take, whether you have other sources of retirement income, and any special needs you or your dependents may have.

Most investments generally involve some form of risk. Time is a key factor in determining how much risk you can comfortably take and choosing investments that best meet your long or short term goals. To reduce one type of risk, you will generally have to take more of the other.

- Generally, the higher the risk, the higher the potential for reward—and vice versa.
- Short-term investments and bonds are generally less risky in the short term, but have historically offered lower returns over the long term.
- Stocks are among the most risky investments in the short term and can have wide swings in volatility but offer the potential for the highest return over the long term. History suggests that the longer you invest in stocks, the higher your potential return. Remember, past performance is no guarantee of future results.

As you make investment decisions, keep in mind that your ability to accept risk will probably change as the years pass. While your investments can change as your needs change, you may want to avoid trying to "time" the markets in reaction to the latest financial news. After all, even professional investors find it hard to figure out exactly when to b low and sell high.



Source: Schwab Center for Financial Research. The example assumes hypothetical inflation of 3% and 6% to explore how inflation may impact the purchasing power of a fixed \$50,000 per year pension or annuity. Inflation is represented by the change in the Consumer Price Index for All Urban Consumers (CPI-U). Historically, 2.87% is the average inflation from 1926-2019. 6.22% is the average inflation from 1970-1989. Past performance is no indication of future results. © 2020 Charles Schwab & Co., Inc. All rights reserved. Member: SIPC. (0220-01ZP)

risk vs. return



Most investments generally involve some form of risk.

7. Decide how to invest.

How should you divide your investments among the different asset types? That depends on your tolerance for risk and time frame. The right allocation for you depends on your ability to ride out fluctuations in the value of your investments—which depends not only on your risk tolerance, but on how much time you have until you need the money.

Asset allocation decisions are among the most important that you, as a retirement plan investor, will make. Studies have shown that asset allocation is responsible for as much as 90% of the variability of long-term returns produced by professional portfolio managers.

Below are sample asset allocations that take risk tolerance as well as time frames into consideration. These sample allocation mixes provide you with an idea of how different types of investors might allocate their contributions at different stages in their lives. Of course, these allocations are only examples. The proper asset allocation for your situation may differ.

DIVERSIFICATION MODELS FOR THE SELF-DIRECTED INVESTOR				
Time Frame II or more Years	Conservative Stocks 40-60% Bonds 20-40% Fixed Income 20-40%	Moderate Stocks 60-75% Bonds 20-40% Fixed Income 10-25%	Aggressive Stocks 90-100% Bonds 0-10%	
6 to 10 Years	Stocks 30-50% Bonds 25-45% Fixed Income 25-45%	Stocks 40-60% Bonds 20-40% Fixed Income 20-35%	Stocks 75-100% Bonds 0-25%	
5 or less	Stocks 0-30% Bonds 40-75% Fixed Income 25-40%	Stocks 15-50% Bonds 40-75% Fixed Income 10-35%	Stocks 50-75% Bonds 25-50% Fixed Income 0-25%	

Or simplify your investment life with the do-it-for me approach.

Retirement plans can have over a dozen different investment options, which can be overwhelming to the average person. If you are overwhelmed with investment choice, or studying and learning how different investments work is something you are not interested in, simplify your investment life and use a Target Date fund, Asset Allocation fund or a Model Portfolio. Often, a single source target date or asset allocation fund may be the better choice for participants who want a diversified portfolio in a single fund, are inexperienced investors who prefer to have their asset allocation decision professionally made and are looking for a sophisticated investment strategy with a single decision.

investment strategy

Target date funds

Target date funds are designed to provide a simple, yet sophisticated investment solution through a diversified portfolio where the asset allocation strategy becomes more conservative as the retirement target date grows closer. A time-horizon based approach, the fund strategy is sophisticated and well-diversified, giving the participant exposure to the full spectrum of asset classes

Asset allocation funds

Employing a risk-based approach, asset allocation funds provide a simple, yet sophisticated investment solution based on risk tolerance. Typically such funds offer a blend of stock, bond and cash investments; such diversification usually makes for a less risky investment strategy than other funds, as different asset classes rarely all increase or decrease in value at the same time.

Model portfolios

Here participants have their deferrals invested by professionals in a guided investment solution based on a set of specific targets, objectives and desired outcomes. Essentially, it is an investment strategy based on participants' goals, risk tolerance and timeframe to retirement. These accounts are often attractive to participants who want the professional oversight and customization that come with this approach, but do not have the time or expertise to determine this on their own.

For The Do It Yourself Investor

Choose from a diversified investment menu Monitor your portfolio Manage your portfolio

Balanced Funds, For The More Hands Off Investors

Also known as asset allocation models Choose your risk objective and tolerance

A diversified portfolio with a mix of investments professionally developed and managed to maintain its risk based objective

• Target Date Funds, For The More Hands Off Investors (Set it and Forget it)

Choose based on your time frame to retirement or time frame that you will need access to your retirement funds A diversified portfolio with a mix of investments professionally developed and managed to maintain its time horizon strategies

What kind of approach should you take?

8. Resist the temptation to spend it.

Most—if not all—of us could use a little extra money from time to time. One seemingly simple way to raise some quick cash is to borrow money from your plan account or to take a withdrawal from your account prior to retirement.

However, consider the long-term consequences before you do so. Taking a plan loan means that you will have less money "invested" in the plan—so rather than earning, for example, a 7% return, the loan may cost you 4-5% each year. You may be required to pay a loan origination fee plus ongoing annual maintenance fees.

What happens if you leave your job? Your loan will be in default after just a few months of non-payment; once you are in default in addition to taxes, a 10% penalty will apply to you if you are under 59 ½ years old. Not only that, if the loan is large enough, extra income attributable to the deemed distribution of the loan may push you into a higher tax bracket.

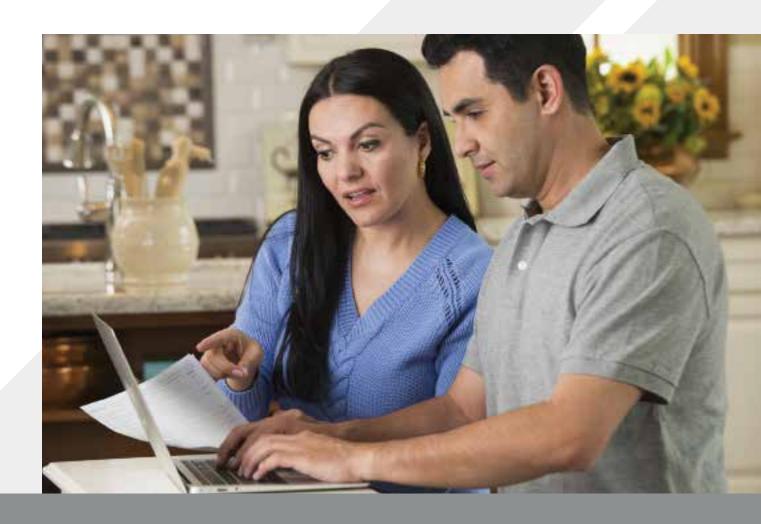
If you have cut back on your contributions to be able to pay back the loan, you will again be in the position of not making your money work for you—not only due to the obvious loss of the extra investment dollars on your end but also due to the smaller amount of dollars contributed by your employer as a matching contribution if you are not contributing enough to qualify for the full match. So before you take a loan, think of the long-term effect it can have on your savings.

Defaulting Can Cost You Big

Staying Invested until retirement			Defaulting		
Value of Loan Today	Annual Rate Rate of Return	5 years	15 years	30 years	Taxes and Penalty on the Loan Balance (assuming 30% Federal and State taxes and 10% penalty)
\$3,000	7%	\$4,252.88	8,546.84	\$24,349.49	\$1,200
\$5,000	7%	\$7,088.13	\$14,244.73	\$40,582.49	\$2,000
\$10,000	7%	\$14,176.25	\$28,489.47	\$81,164.97	\$4,000
\$15,000	7%	\$21,264.38	\$42,734.20	\$121,747.46	\$6,000

*This chart is an example only and not a guarantee of future earnings or balances. This letter and accompanying chart should not be construed as investment advice. Individuals are advised to consider any new investment strategies carefully prior to implementing. Prior results of an investment are no guarantee of future performance. Source: Alliance Benefit Group

loans & withdrawals



Consider the consequences of using Savings.

9. Rebalance your portfolio.

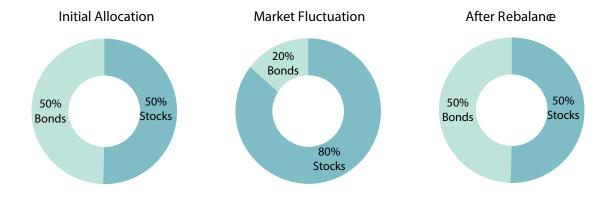
Commit to an annual "review" of your retirement savings plan to make sure that your portfolio continues to reflect the allocation you've mapped out to meet your retirement goals. This can be done in conjunction with your annual job performance review or on another date that is easy to remember—for example, on your birthday or January 1. Start by considering the following questions:

- Has the past year's market performance altered your portfolio's asset allocation?
- Have your lifestyle needs or priorities changed recently? Is your family or work situation significantly different than last year?
- Does your current asset allocation still complement your risk tolerance and financial goals?

Monitor whether one investment category or type of fund has grown to dominate your portfolio. By having a broad mix of assets, you can help protect yourself from volatility and avoid becoming overly dependent on any one kind of investment. Because the market is always fluctuating, it's easy for a single type of asset to overwhelm a portfolio without your noticing. For example, if the bond portion of your asset allocation has grown significantly, then your portfolio may have become more conservative than intended in light of your particular risk tolerance.

If you need to rebalance, will you accomplish that goal by adjusting your current allocation, by redirecting future contributions to a different mix of investments, or by relying on both strategies simultaneously? Of course, you may determine that your current portfolio strategy is still appropriate. If not, periodic reviews of your portfolio are a good time to fine-tune your long-term financial plan. Pentegra OnLine offers you the ability to reallocate your investments in an easy and intuitive way.

Initiating a rebalance can sell unwanted shares and re-establish your original investment strategy



review & reallocate

Periodically review whether one investment category or type of fund has grown to dominate your portfolio.



Commit to an annual review.

10. Know your options. Distribution options, that is.

When you leave your job

The reality is that it is not uncommon in today's world to change jobs multiple times or even careers during your lifetime. Whether you're changing jobs, pursuing other opportunities, or retiring, you now have an important decision to make: what to do with the money you've accumulated in your retirement plan.

The key is to take control of the money you have already accumulated and make sure that it continues to work for you. If you leave your job, 40 l (k) plan money is best kept in a tax-deferred vehicle. Never simply take a distribution and pay taxes—and maybe a penalty—on the distribution without considering the tax consequences of doing so. Making the right choice is important for your financial future because the tax consequences of your choice can be significant.

What are your choices? Leave the money in your existing 401(k) plan account

You enjoy many valuable benefits as a Pentegra customer. You can continue to do so even after you terminate employment. By leaving your account with Pentegra, you don't have to take any action—there's no paperwork to complete. This option allows growth potential for your money without your having to pay taxes on it until you take a distribution.

Consolidate your retirement assets

While you won't be able to contribute to the plan because you are no longer working for your employer, you can use your Pentegra account to consolidate assets from other retirement plans, including after-tax distributions and Individual Retirement Accounts (IRAs). By consolidating your retirement assets and choosing Pentegra, you'll get everything you need from a single source—one statement, one phone call, and one easy to use retirement account.

Access your account when you need to

You can continue to access your account whenever you need to. Once you have terminated employment, you have unlimited access to your account, just like an IRA. Even better, if your plan permits loans, you can continue to borrow from your account for any reason—and that's something IRAs don't allow.

Cost-effective investments

You can continue to take advantage of your current investment options—options that are only available to Pentegra plan participants, that you are already familiar with. Pentegra's investment options are among the most cost-effective investment funds available in the industry today. Low investment costs and their impact on a fund's returns are especially important to retirement investors, because cost savings compound substantially over time and allow your money to work harder for you.

Pro	Con
Allows you to consolidate accounts	You need to determine where to roll the funds to
Defer taxation until distribution is taken	No immediate access to money

distribution options



Take control of your savings: make them WORK for you.

Rollover to an IRA or Other Qualified Plan

You can elect to roll over your account directly to an IRA or other qualified retirement plan. A direct rollover maintains the tax-deferred status of your account, which preserves more of your savings. It also eliminates mandatory withholding of federal and state taxes that would apply if the account is paid directly to you. The IRS considers most taxable withdrawals as well as after-tax withdrawals "eligible rollover distributions." Before considering a rollover, be sure to carefully assess any fees that the IRA or new plan charges for account maintenance and investment management.

Lump Sum Distribution

Your plan most likely offers a Lump Sum Distribution option. With a lump sum distribution, it is important to understand the impact of tax implications and penalties. For example, taking a distribution will subject you to federal income tax as well as any applicable state and local income taxes. If you are currently under age 59 ½, you may be subject to an early distribution penalty. Tax implications and penalties can quickly erode your retirement savings. While taking a cash distribution might provide you with immediate access to your retirement savings, there may be costly long-term consequences.

The Effect of Taxes on a Lump Sum Distribution

Retirement savings: \$10,000 (before distribution)

Federal income tax: \$2,000
Penalty on early withdrawals: \$1,000
State income tax: \$500
Amount you actually receive (after taxes and penalty): \$6,500

Assumes a federal income tax rate of 20% and state income tax rate of 5%. Your employer will be required to withhold 20% in federal taxes on any pretax cash distributio This 20% withholding would then be applied toward the \$2,000 owed in federal income taxes. Your situation may vary.

Pro Con

Allows you to access your money all at once

Gives you freedom to invest on your own: flexibility

Entire distribution is subject to taxes

Lifetime income not guaranteed: possibility of outliving money

of outliving money

rollovers



When it's time to retire

When it's time to retire, there are different factors that you will want to consider. The transition to retirement is not just a financial one. It's also a psychological one. There are many factors to consider as you enter this phase. To begin, what are your expenses vs. your income stream? What's the best way to take your distribution? Retirement plan distributions need careful planning; much in the same way that you have spent your career accumulating assets, you will want to spend time planning for this phase.

Consider how compounding works, and then realize that large distributions may have an adverse effect on income in your later years—because large amounts that are distributed from savings no longer have earnings potential—which will ultimately impact your account value.

In addition, dollar cost averaging begins to work in reverse. Withdrawing from volatile portfolios potentially requires more shares to be sold to generate the same amount of cash, so market timing can be an issue.

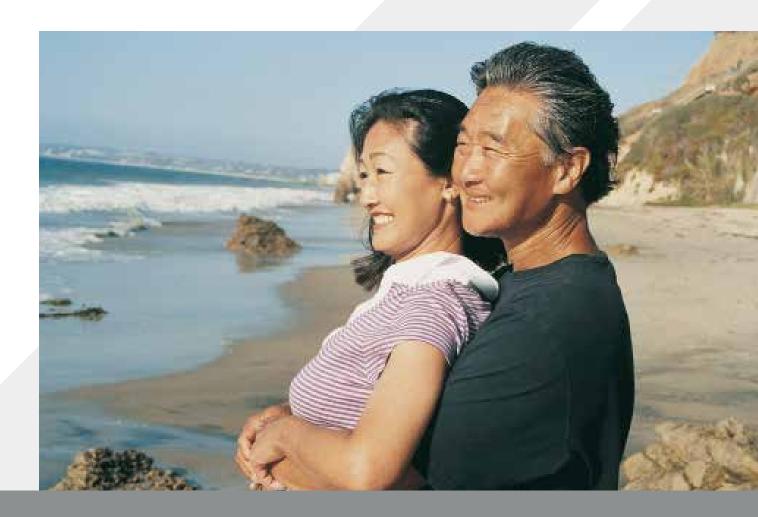
You will also want to consider the implications your age will have on your tax liability. Just as you have done throughout the accumulation phase, you will need to periodically review your investment accounts (e.g., 40 l (k) plan, IRAs, etc.) to be sure your investments are still meeting your needs.

Many of your income sources offer different methods of distribution that you will need to choose from. The first step is to understand which options are available to you for each of your income sources, and understand the advantages and implications of each.

Timing is everything

- Normal Retirement Age What do your employer sponsored retirement plans define it as? It is likely not the same as your Social Security Retirement Age, which is based on year of birth.
- Early Retirement Age Does your employer sponsored retirement plans offer early retirement? What are the reductions and/or penalties, if any?
- Other considerations Are you married? Is your spouse retired or still working? What is your health and anticipated life expectancy?

timing



The transition to retirement is not just a financial one.

It's also a psychological one.

Lifetime Income Solutions®

Pentegra offers retirees the ability to structure retirement income in a variety of ways. As you consider how to best maximize your retirement income, you may be concerned about how to balance spending too much in your early retirement years and running out of savings, or being too frugal and leaving excessive savings behind. The Lifetime Income Solutions® program is designed to provide you with a guaranteed lifetime income option for your plan assets at retirement to help make the decision making process easier.

Pentegra offers an out-of-plan Income Solution through Hueler Investment Services. Through the Lifetime Income Solutions® program, you can convert your retirement assets into a reliable income stream or paycheck for life by purchasing a lifetime income annuity. You get assistance to help you determine how to best maximize your income for retirement. The platform provides a key service for assisting participants with the process of converting portions of their "nest egg" or retirement assets into a reliable income stream.

Lifetime income annuities provide a way to maximize your retirement benefits to provide comfort and security throughout retirement. An annuity provides monthly benefit payments based on your accumulated retirement benefits. These payments continue for as long as you live and, if you choose, for as long as your beneficiary lives. Annuities hel you take full advantage of your retirement benefit by making certain that you do 't outlive your income and let you make long-range plans by providing basic financial securit.

planning



Annuities relieve you of the worry of spending too much or too little.

What's the best annuity for you?

The best annuity for you depends upon your sources of retirement income, how they are invested, your health, and the health of your beneficiary. Different types of annuities pay different levels of income because they take different factors into consideration. How much an annuity pays depends on:

- The size of your retirement benefit
- Your age at retirement and your life expectancy
- Whether you choose a payment option that includes another person (and the age of that person)
- The time period over which your benefit will be paid.

Generally, the more you leave as a death benefit, the less you receive during your lifetime, and vice versa. The death benefit is a function of the percentage found in the benefit form name (e.g., 50% Joint & Survivor benefit provides 50% of what you were receiving as a death benefit). You receive income for life. Because the benefit is guaranteed for the life of the participant and his or her beneficiary, the initial amount of benefit will be lower under this option when compared to a straight life annuity because of the death benefit protection provided to the beneficiary.

Pro	Con
Provides lifetime income	Once elected, benefit form generally can't be changed
Income amount is fixed and predictable	No access to additional income beyone periodic annunity amount

considerations



Different types of annuities pay different levels of income because they take different factors **into consideration**.

The Pentegra Supplemental Retirement Allowance

If you have a pension benefit through Pentegra, you can take advantage of the Pentegra Supplemental Retirement Allowance. The Pentegra Supplemental Retirement Allowance lets you use assets from another Pentegra retirement plan such as a Pentegra 40 I (k) plan, ESOP, Money Purchase or Profit Sharing plan to purchase an additional annuity under your pension plan.

The Pentegra Supplemental Retiremenet Allowance provides a way to maximize your retirement savings to provide comfort and security throughout retirement. An annuity provides monthly benefit payments based on your total retirement savings, pension and 40 l (k) plan assets. These payments continue for as long as you live and, if you choose, for as long as your beneficiary lives. It is an easy and convenient way to make sure that your retirement assets will be there for you when you need them.

Installment Payments

Similar to annuities, installment payments can provide a way to maximize your retirement savings to provide comfort and security throughout retirement. An installment payment provides periodic benefit payments based on your accumulated retirement benefit. Installment payments are paid over a specified period of time not to exceed your life expectancy. Installment payments may be an ideal choice because they relieve you of the worry of spending too much or too little. Like an annuity, an installment payment lets you make long-range plans by providing basic financial security-so you can use personal savings and other income sources for whatever you like, without worrying about using all your retirement income.

Pro	Con
Taxed only on amount distributed	Possibility of outliving your distribution time period
Periodic access to money over a fixed time period	Once elected, payment time period generally can't be changed

Do-it-Yourself, Ad-Hoc Distribution Options

Under this option, you create the income stream and payment cycle that works best for you. You can choose to take an annual distribution or a specific flat dollar amount payable over time. For example, you can choose to structure your distribution as a '10 Year Term Certain' where you choose to have your entire account paid out over a period of 10 years, or you can even take distributions over your life expectancy.

alternative options



A way to provide security throughout retirement.

Put the Pentegra Participant SmartPath™ to Work for You

The Pentegra Participant SmartPath™ offers simple, yet essential tips for building a strategy that can put you on the path toward a more successful outcome—and secure retirement reality.

Put the Pentegra Participant SmartPath™ to work for your future.

Pentegra is here to help you. For more information, contact us at 800.872.3473, visit us at www.pentegra.com, or contact the Pentegra Customer Service Center at 866-633-4015.

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