

  
TAP INTO YOUR  
FINANCIAL FUTURE  
SEASONS OF OPPORTUNITY

YOUR RETIREMENT PLANNING GUIDE

The Vermont State Teachers Retirement System (VSTRS) 403(b) Program

# A PLAN FOR ALL SEASONS

As the seasons change, so do our lives. We all strive to have a plan in place—a plan to give us the freedom and confidence to experience new hopes and reach new goals.

**The State of Vermont 457 Deferred Compensation Plan** allows you the opportunity to build a significant retirement nest egg and expand the opportunities available to you upon retirement or severance of employment. Working together with other potential retirement income sources you may have, such as your pension plan, personal savings and Social Security benefits, your 457 Deferred Compensation Plan can help you tap into an even more secure financial future.

No matter where you are in life, the following features and benefits of your 457 Deferred Compensation Plan can help you build a plan for all seasons.

**Quick and easy enrollment.** Just complete the Enrollment Form, Beneficiary Form and Salary Deferral Agreement found in the back pocket of this guide.

**Easy, automatic payroll deductions and tax-deferred contributions.** Eligible employees have the opportunity to supplement their state pension plan and any other savings they may have by participating in the 457 Deferred Compensation Plan. Details of this Plan are explained in the *Seasonal Perspectives* Plan Highlights brochure located in the front pocket of this guide.

**Freedom of choice.** Your 457 Deferred Compensation Plan offers a diverse array of investment options to help you meet your financial goals. Your investment options are described in the *Seasons of Opportunity* Investment Planning Guide (located in the front pocket of this guide) and in the *Investment Options Overview* (located in the back pocket of this guide). Investment option details can also be reviewed online at [www.Vermont457.com](http://www.Vermont457.com) or with an Empower Retirement representative.<sup>1</sup>

**Convenient account management.** Detailed Plan and account information and the flexibility to make changes are available online at [www.Vermont457.com](http://www.Vermont457.com) or through the automated voice response system at **(800) 457-1028**. More information on these services can be found in the *Seasonal Perspectives* Plan Highlights located in the front pocket of this guide.

**Personal and professional service.** Representatives are available on-site at the Empower Retirement Service Center. Although representatives are not permitted to provide tax or financial advice, they are available to discuss any Plan-related questions you may have and explain all the tools available to help you tap into your financial future.<sup>1</sup>

“Far away there in the sunshine are my highest aspirations. I may not reach them, but I can look up and see their beauty, believe in them and try to follow where they lead.”  
-LOUISA MAY ALCOTT, AMERICAN AUTHOR

<sup>1</sup> Representatives of Empower Retirement do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed.



# A TIME FOR PLANNING

## WHAT WILL LIFE IN RETIREMENT MEAN FOR YOU?

Retirement isn't what it used to be for many of us. The 2016 Retirement Confidence Survey found that 65% of workers plan to continue working in some way after they "retire," while retirees give a variety of reasons for actually doing so.

### Enjoying working

83%

### Wanting to stay active and involved

79%

### Wanting money to buy extras

54%

### Needing money to make ends meet

52%

### A decrease in the value of savings or investments

38%

### Keeping health insurance or other benefits

34%

Source: Employee Benefit Research Institute, 2016 Retirement Confidence Survey, [www.ebri.org/pdf/surveys/rcs/2016/EBRI\\_IB\\_422.Mar16.RCS.pdf](http://www.ebri.org/pdf/surveys/rcs/2016/EBRI_IB_422.Mar16.RCS.pdf)

## SEASONS IN THE SUN

One thing is certain: The more money you save for retirement, the farther you can go. How long do you think you'll need your money to last?

- Percentage of workers who expect to retire at age 65: **26**
- Percentage of workers who expect to retire at age 70 or later: **26**
- Percentage of workers who don't know or do not expect to retire at all: **6**

Source: Employee Benefit Research Institute, 2016 Retirement Confidence Survey, [www.ebri.org/pdf/surveys/rcs/2016/EBRI\\_IB\\_422.Mar16.RCS.pdf](http://www.ebri.org/pdf/surveys/rcs/2016/EBRI_IB_422.Mar16.RCS.pdf)

## February...

... is the month when Vermont maple syrup makers tap maple trees and get ready to collect the sap. Some use buckets and others connect the trees with pipeline; both methods get the sap to the sugarhouse where it is then boiled.

Your 457 Deferred Compensation Plan gives you a variety of tools to help you tap into the financial future you've always imagined for yourself.

*Are you ready to see how far you can go?*

## SPRING FORWARD

Answer the following questions to help you begin visualizing your life in retirement.

- Where will you be living?
- What will a typical day be like?
- With whom will you be spending time?
- Will you be caring for someone elderly?
- What are your travel plans?
- What new interests/hobbies will you explore?
- What is the most important thing to you about retirement?
- What will be some of your major financial and other obligations?

AARP is another useful resource for information on many issues related to retirement. You can visit its website at [www.aarp.org](http://www.aarp.org).<sup>1</sup>

<sup>1</sup> Great-West Life & Annuity Insurance Company and/or its subsidiaries is not responsible for, nor does it endorse, the content contained in the additional third-party material provided.

## WHEN PLANNING FOR YOUR FINANCIAL FUTURE, CONSIDER THESE FACTORS THAT WILL AFFECT HOW MUCH MONEY YOU WILL NEED:

You may need about 70% of your preretirement earnings.<sup>1</sup> Most financial advisors say you'll need about 70% of your preretirement earnings to comfortably maintain your preretirement standard of living after you stop working full-time. And depending on your financial goals, you may even want to replace up to 100% of your preretirement income — or more!

Many people are living longer, healthier lives. You may spend 20 to 30 years — or more — in retirement. Although you may have more time and energy to enjoy your retirement, you'll also need more money.

Almost certainly, the cost of living will increase. With inflation averaging about 3% per year, you need to save more today to achieve your dreams for the future.<sup>2</sup> If you retire 20 years from now, the groceries that cost you \$50 today could cost about \$90 at retirement due to inflation.

***The sooner you start saving, the better.***

## PURE VERMONT

Whatever your dreams for retirement are, you can count on this: They'll cost more in the future than they do today! Here's a brief perspective on time and the rising costs of living (assuming a 3% annual inflation rate).

Item	Average Cost Today	Projected Cost in Vermont in 20 Years
Median Home Price in Burlington, VT, 2015	\$254,500	\$459,655
Pure Vermont Maple Syrup from Sugarbush Farm (One Pint)	\$14.50	\$26.19
Round of Golf at Green Mountain National (Killington, VT)	\$49-\$75	\$89-\$135

FOR ILLUSTRATIVE PURPOSES ONLY. Intended to show the effect of inflation on future purchasing power. Assumes a 3% annual rate of inflation. Rates may vary. Sources: [www.bestplaces.net](http://www.bestplaces.net), November 2016; [www.sugarbushfarm.com](http://www.sugarbushfarm.com), November 2016; [www.gmngc.com](http://www.gmngc.com), November 2016

1 Source: Social Security Administration, [www.ssa.gov/pubs/EN-05-10024.pdf](http://www.ssa.gov/pubs/EN-05-10024.pdf), October 2016

2 Source: Consumer Price Index - All Urban Consumers, [www.bls.gov](http://www.bls.gov), November 2016

## For more information on Social Security benefits:

Visit the Social Security Administration website at [www.ssa.gov/planners/calculators.htm](http://www.ssa.gov/planners/calculators.htm). You'll find interactive retirement calculators that allow you to get a rough estimate of what you can expect in Social Security benefits.



# NATURAL RESOURCES

Financial experts stress that personal savings are the key to a comfortable retirement. Rising costs, longer life spans, and the desire to do more in retirement add to the importance of saving enough for your future.

**Tap Into Your Financial Future** is about knowing what you need to do to achieve your goals. This section can help you identify your potential sources of retirement income. Use this as a planning tool to evaluate where you are and where you want to be.

## POSSIBLE SOURCES OF RETIREMENT INCOME

**1. Social Security.** Social Security benefits were never intended to replace 100% of an employee's annual working income. The chart below shows today's estimates of what a 35-year-old can expect in Social Security benefits based on current pay and retirement at full retirement age (67).

Annual Income	Social Security Income Replacement
\$20,000	61%
\$40,000	47%
\$60,000	42%
\$80,000	36%
\$100,000	31%

Source: [www.ssa.gov](http://www.ssa.gov), October 2015. This illustration is based on a current age of 35 and retirement at age 67. It assumes no future increases in prices or earnings.

**2. Traditional Employer Pension Plans.** Your State of Vermont pension plan provides guaranteed benefits based on your salary and years of service up to a maximum of 50% of your final compensation. This pension plan, or a plan from a previous employer, may provide more benefits if you have a long-term service record, but it may not be as advantageous if you change jobs frequently. For more information about your State of Vermont pension plan, contact the Retirement Office at **(802) 828-2305**.

**3. Personal Savings.** Your personal savings may include money in bank accounts, mutual funds, certificates of deposit, stocks and bonds, Individual Retirement Accounts (IRAs), or other investments outside of your Social Security benefits or current pension plan.<sup>1</sup>

## HOW MUCH WILL YOU NEED?

Complete this worksheet to estimate the percentage of retirement income you will need from your 457 Deferred Compensation Plan.

- Percentage of retirement income you expect to be provided from Social Security: \_\_\_\_\_ %
- Percentage of retirement income you expect to be provided by your pension plan:  
(A maximum of 50% of your annual compensation) \_\_\_\_\_ %
- Percentage of retirement income you expect to be provided by your personal savings and/or former employers' before-tax voluntary plans: \_\_\_\_\_ %
- Add up the percentages of retirement income you expect from numbers 1, 2 and 3. This is the percentage of income you expect to be provided by all sources other than your State of Vermont 457 Deferred Compensation Plan: \_\_\_\_\_ %
- Subtract the amount in number 4 from 100. This is the percentage of retirement income you may need to have supplied by the State of Vermont 457 Deferred Compensation Plan: \_\_\_\_\_ %

<sup>1</sup> While certificates of deposit are insured by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, both the principal and yield of bonds and stocks will fluctuate with market conditions.

## HOW CONFIDENT ARE YOU?

- Percentage of workers who are “very confident” they will have enough money throughout their retirement years: **21**
- Percentage of workers who are “somewhat confident”: **42**
- Percentage of workers who are “not too confident”: **19**
- Percentage of workers who are “not at all confident”: **16**

Source: Employee Benefit Research Institute, 2016 Retirement Confidence Survey, [www.ebri.org/pdf/surveys/rcs/2016/RCS\\_16.FS-1\\_Conf.pdf](http://www.ebri.org/pdf/surveys/rcs/2016/RCS_16.FS-1_Conf.pdf)

### STAY IN SEASON WITH YOUR 457 DEFERRED COMPENSATION PLAN

The amount you calculated in number 5 on the previous worksheet reflects a general estimate of the percentage of retirement income you may still need from another source, such as your 457 Deferred Compensation Plan. This amount is also known as your “retirement income gap.” Your retirement income gap is the difference between what you currently expect to have for retirement and the amount that you will actually need for a comfortable retirement.

### TAP INTO YOUR FINANCIAL FUTURE

You’re probably already asking yourself: How much in actual dollars should I be saving? It can be a bit overwhelming (and even frustrating) to try and figure out just how much money you need to save and invest for your future—especially when you’re trying to factor in any Social Security benefits, pension benefits or other personal savings you’re expecting.

As a starting point, here’s a simple rule of thumb that some financial experts use. If you start saving:

In your **20s**, save **7%** of your salary.

In your **30s**, save **10%** of your salary.

In your **40s**, save **15%** of your salary.

In your **50s**, save **20%** of your salary.

You may be able to save more, or you may be unable to save this much. Regardless, the important thing is to start saving and investing as much as you can right now! And the best way to get started is to enroll in your 457 Deferred Compensation Plan and contribute through convenient payroll deductions.

### EXPAND YOUR PLANNING WORLD

Log on to the website at [www.Vermont457.com](http://www.Vermont457.com) and click on *Let’s Get Started*. This will allow you to access a full menu of online planning tools that are located on the website.

In addition, you can visit the American Savings Education Council website at [www.asec.org](http://www.asec.org).<sup>1</sup> Click on *Savings Tips* and *Calculators* to check out the Ballpark E\$timate® retirement savings estimator. If you complete the worksheet online, the computer will do the math.

Any retirement savings projection is just a starting point. You should perform a calculation annually and update any assumptions you make as your personal circumstances change.

1 Great-West Life & Annuity Insurance Company and/or its subsidiaries is not responsible for, nor does it endorse, the content contained in the additional third-party material provided.

## ENROLLING

in your State of Vermont 457 Deferred Compensation Plan can help you close your retirement income gap.

# OPPORTUNITY AWAITS YOU

**Tap Into Your Financial Future** is about exploring the opportunities available to you and taking advantage of them to better yourself financially. The State of Vermont 457 Deferred Compensation Plan is one such opportunity. Your Plan offers some very special features.

## AUTOMATIC PAYROLL CONTRIBUTIONS

*Tap Into Smart Savings Habits*

It may be wise to save through your 457 Plan. For one thing, It's like a built-in savings program. Your contributions are automatically taken out of each paycheck before you even see them. Out of sight, out of mind — what you don't have you won't spend! And you will be following a great savings principle: Pay yourself first.

## BEFORE-TAX SAVINGS

*Tap Into More Money in Your Pocket*

Contributions you make to your 457 Plan are taken out of your pay *before* federal and state taxes are calculated, which will reduce your current taxable income. That means you'll have more money in your pocket at the end of each pay period than if you were saving the same amount with after-tax dollars.

## MORE FOR YOUR NEST EGG MIGHT MEAN MORE IN YOUR POCKET NOW

If you think you can't afford to take money out of your check each month for a retirement you can't even imagine yet, consider this example of saving before tax through the Plan versus after tax through some other savings vehicle.

Paycheck Comparison	Contributing Before Tax	Contributing After Tax
Gross Pay	\$1,200	\$1,200
Less: Contributions to 457 Plan (Before Tax)	(50)	(0)
Taxable Pay	\$1,150	\$1,200
Less: Estimated Federal Income Tax Withheld	(172.50)	(180)
Less: Estimated State Income Tax Withheld	(40.82)	(42.60)
Take-Home Pay	\$936.68	\$977.40
Less: Contributions to Other Savings Plan (After Tax)	(0)	(50)
Spendable Pay	\$936.68	\$927.40
Before-Tax Advantage	\$9.28	None

**By contributing before tax in the 457 Plan, you will have \$9.28 more to spend (or save!) from each paycheck — that's \$241.28 more per year.**

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration assumes federal income tax withholding of 15%, Vermont state income tax of 3.55%, and 26 pay periods per year. It does not take into account Social Security, Medicare and other taxes.

**Tap Into Your Financial Future**  
is about taking a very personal,  
hands-on approach to your  
retirement planning process.

## PURE VERMONT

The process of creating pure Vermont maple syrup involves boiling the maple tree sap in large evaporators and condensing it down to syrup. This handcrafted product is what makes Vermont so famous.

Your 457 Deferred Compensation Plan can help you craft a savings and investment strategy that is just right for you!

## TAX-DEFERRED COMPOUNDING

### Tap Into Long-Term Growth Potential

With tax-deferred saving, your contributions may grow without being reduced by current taxes. And with the added benefit of compounding, any earnings on all contributions are reinvested in your account, where they have the potential to keep growing.

Contributions you make to your 457 Plan are taken out of your pay *before* federal and state taxes are calculated, which will reduce your current taxable income. That means you'll have more money in your pocket at the end of each pay period than if you were saving the same amount with after-tax dollars.

Look at the difference tax-deferred compounding can make in terms of retirement income. Assume that upon retiring, you decide to split your account balance into 20 equal withdrawals — what you can reasonably expect to spend in retirement. In this assumption, you plan to take one withdrawal each year over a 20-year period.

	Taxable Account	Tax-Deferred Account
Potential Account Balance After 40 Years	\$149,120	\$199,149
Divided by 20 = Annual Withdrawal	\$7,456	\$9,957
Less: Taxes	(0)	(1,847)
Potential Annual Retirement Income	\$7,456	\$8,110

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any particular investment options. This hypothetical illustration assumes federal income tax withholding of 15% and Vermont state income tax of 3.55%. It does not take into account Social Security, Medicare or other taxes. It does not take into account any annual earnings or losses that may accumulate on the remaining balance of these two accounts over the years. Distributions from a tax-deferred retirement plan are taxable as ordinary income.

**In this hypothetical example, tax-deferred compounding could result in having approximately \$654 more in income each year (\$55 per month). Over 20 years, that adds up to \$13,080 more in potential retirement income!**



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not reflect a particular investment or performance. It assumes a 6% annual rate of return over 10, 20, 30 and 40 years, a 15% federal tax bracket and reinvestment of earnings with no withdrawals. The assumed rate of return is not guaranteed. The illustration reflects Vermont state income tax of 3.55%, applicable to Vermont state residents. This illustration assumes the taxable account does not hold any investment for more than 12 months and does not reflect capital loss tax deductions. If held longer than 12 months, the account may qualify for lower capital gains and/or qualified dividend tax rates which, along with any reflected capital loss carryovers or other tax deductions, would make the return on the taxable investment more favorable. Ordinary income tax and/or a tax penalty may apply to distributions from a tax-deferred account. This illustration does not reflect taxes that may be due at the end of an investment period or after an early withdrawal. It also does not reflect any charges, expenses or fees. Investing involves risk, including possible loss of principal. Investors should consider their current and anticipated investment horizon and tax bracket when making an investment decision.



# REAP THE REWARDS

Change happens. Over the years your dreams for the future may change a bit. As they change, so may your financial strategy and how you choose to invest your money.

*Tap Into Your Financial Future* is about starting a savings and investment plan right now. And the earlier you start participating in your 457 Deferred Compensation Plan, the sooner you begin enjoying the benefits of tax savings and tax-deferred growth and compounding.

**ACT NOW:**  
IT ONLY TAKES A LITTLE EFFORT  
TO FIND THE MONEY TO SAVE

## ACT NOW: WAITING CAN COST YOU MORE THAN YOU THINK

The following illustration shows the cost of waiting just one year to start saving and investing for retirement (assuming personal monthly contributions of \$100). Don't wait!

Starting Age	Total Contributions by Age 65	Account Value at Age 65	Cost of Waiting Just One Year
25	\$48,000	\$199,149	<b>\$12,731</b>
26	\$46,800	\$186,418	
35	\$36,000	\$100,452	<b>\$6,998</b>
36	\$34,800	\$93,454	
45	\$24,000	\$46,204	<b>\$3,846</b>
46	\$22,800	\$42,358	

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees were deducted.

## THE RULE OF 72

The Rule of 72 is one of the easiest ways to determine the impact that time can have on your savings. It's a rule of thumb that simply calculates the number of years it will take to double your money. Here's how it works:

### Example

1. Rate of return you expect to receive on your investment: **6%**
2. Divide 72 by that number:  **$72 \div 6$**
3. Number of years it will take for your investment to double: **12 years**

In this example, it would take 12 years for a \$5,000 investment earning 6% to double in value to \$10,000.

The sooner you start saving and investing, the more "doubling periods" you will have in your remaining working career!

The Rule of 72 is a mathematical rule used to approximate the number of years it takes a given investment to double in value. It is not a guarantee of future results.

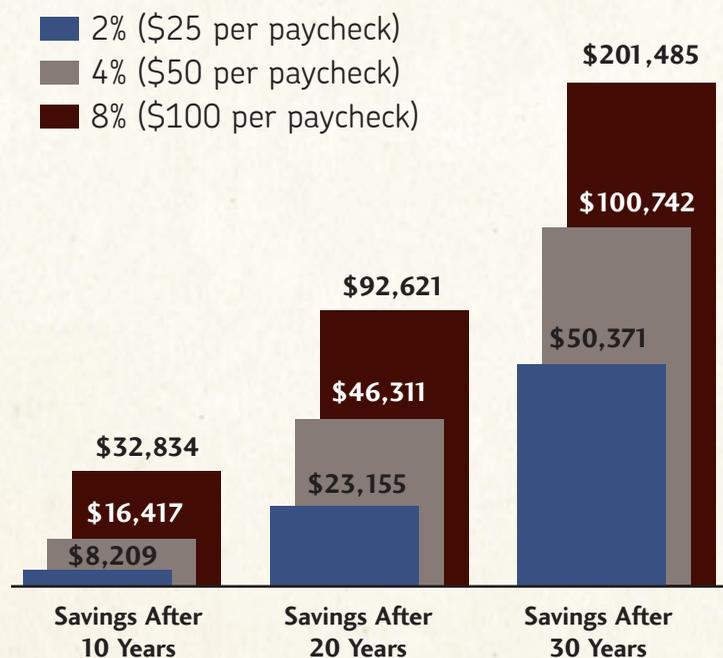
**Financial opportunities will occasionally cross your path throughout your lifetime. Acting upon them requires careful thought, preparation and courage. Making the decision to participate in your 457 Deferred Compensation Plan today may be one of the most important decisions you'll make in your lifetime.**

As you complete your decision process, you may decide that contributing the minimum amount to the Plan is all you can afford right now. And while that's a great start, contributing a little extra can add up very quickly and get you farther along the path to helping you reach your financial goals.

### ACT NOW: CONTRIBUTING A LITTLE MORE CAN MEAN A LOT

The chart below shows how just a small increase in your contribution level could mean thousands of dollars more over time. All contribution amounts are based on a \$30,000 annual salary before taxes and 24 pay periods.

#### Increase Contribution Level By . . .



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### PURE VERMONT

Here's another look at why it's important to challenge yourself to start saving early and to save as much as you can.

Today's average retired person spends the following per month:

Food	\$459
Housing	\$1,294
Utilities	\$302
Clothing	\$88
Transportation	\$571
Health	\$480
Entertainment/Misc.	\$205
Other Insurance	\$228
Taxes	\$306
<b>TOTAL</b>	<b>\$3,933</b>

Source: Bureau of Labor Statistics – Consumer Expenditure Survey, November 2015.

However, these are nationwide averages only. Keep in mind that retired life in Vermont may cost more or less. For example, in Burlington, Vermont:

- The median home price is \$254,500, compared to the national average median home price of \$170,100.
- Food is 11.9% more expensive than the national average.
- Utilities are 32% more expensive than the national average.
- Overall, the cost of living is 24.2% higher than the national average.

Source: [www.bestplaces.net](http://www.bestplaces.net) (data as of November 2016)

### IS IT A CHALLENGE TO FIND THE EXTRA MONEY YOU NEED TO SAVE?

You bet. But that doesn't mean you should give up hope. In fact, you don't need to make that big of a sacrifice in order to improve your chances of achieving your retirement goals.

# TAKE CONTROL

Mortgages, car loans, child care and college tuition are just some of the financial challenges we all face. Some people may even be supporting an aging parent. Many budgets are strained just trying to pay down high-interest credit card debt.

When you take a closer look at your spending habits, you may find money that can be better used to save and invest for your financial future.

**Tap Into Your Financial Future** is about getting into a disciplined habit of saving and staying focused on your long-term retirement goals.

## SEEK OUT SAVINGS OPPORTUNITIES

Keep a spending journal. It can help you track where all your dollars are disappearing! Try keeping a journal for a month and study your spending habits. Here's a hypothetical entry from a one-week spending journal.

**Tap Into Your Financial Future** is about developing the discipline that is necessary to set aside money for your retirement. Stay focused and be true to yourself — the potential benefits offered through your 457 Deferred Compensation Plan are well worth it!

### Sunday

\$28.00 Had pizza delivered (Remember to stock up on frozen pizzas!)

\$7.00 New release movie rental on TV

### Monday

\$75.00 Groceries (Forgot coupons and didn't make a list!)

\$5.00 Toy action figure for Tommy while grocery shopping (He threatened a tantrum!)

### Tuesday

\$10.00 Coffee and bagel on the way to work (Fill coffee mug up at home before leaving!)

### Wednesday

\$35.00 Monthly payment to fitness center (Think about canceling membership and exercising at home!)

\$6.00 Breakfast at the vending machines

### Thursday

\$10.00 Lunch: hot sandwich and soda at deli (Think about brown-bagging it a couple of days a week!)

### Friday

\$15.00 Bought new music download

\$3.00 Ben & Jerry's Heath Bar Crunch Ice Cream (Worth every penny!)

### Saturday

\$30.00 Chinese takeout for dinner (Impulse purchase)

Red = Easy savings opportunities (\$38.00 in one week!)

## SMALL SACRIFICES, BIG REWARDS

Tracking your spending is only the first step. What you do with your findings is critical in establishing the habit of saving money. And keep in mind: Budgeting doesn't necessarily mean you have to completely do without the things you enjoy the most. In fact, just a few small sacrifices here and there can make a big difference in the long run!

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Expense	Give Up How Often?	Monthly Savings	Value if Invested for 25 Years
Dinner out	Once a week	\$100	\$69,299
Lunch out	Twice a week	\$50	\$34,650
Coffee and bagel	Twice a week	\$20	\$13,860
Vending machine soda	Once a day	\$12	\$8,316
Movie ticket	Once a month	\$10	\$6,930

## TAP INTO YOUR FINANCIAL FUTURE

Here are a few suggestions that may help you find the money to contribute to your 457 Plan — or to increase your current contribution.

Place a check by the ideas you could try.

- Buy frozen pizza instead of eating out
- Prepare foods ahead of time, such as soups and casseroles, and freeze them
- Leave the ATM card at home
- Shop for clothes on sale
- Brown-bag your lunch a couple days a week
- Shop for groceries with coupons and a list
- Skip menu beverages at restaurants (order water instead)
- Buy a 2-liter bottle of soda instead of a six-pack
- Have a garage sale

Review your major financial expenses at least annually and look for ways to save. Place a check by the ideas you could try.

- Refinance mortgage at a lower interest rate if appropriate
- Consolidate credit card debt at the lowest rate available
- Shop for less expensive car insurance
- Do some homework and buy a used car (rather than a new car that depreciates quickly)
- Plan on taking a less extravagant vacation every few years
- Pay off a car loan or personal loan; put the monthly payment into your retirement account instead
- Use a raise or bonus to increase your retirement contribution
- Choose a date, such as your birthday, to annually check and revise your progress toward reaching your financial goals.

## MONEY WELL SPENT

Looking for a good return on your investment? Try focusing on paying down expensive credit card debt. Suppose you have a credit card charging you 12% interest. Paying it off is like finding an investment with a guaranteed return of 12%! In fact, you would actually need to find an investment that was earning around 14% in order to net 12% after paying taxes (assuming a federal tax rate of 15%).

# TAP INTO YOUR FINANCIAL FUTURE

In the broad scope of things, **Tap Into Your Financial Future** is about defining and pursuing your own financial freedom. Enrolling in your 457 Deferred Compensation Plan will allow you to begin connecting to that freedom in a very real way. To enroll, follow the easy steps below.

## STEPS TO ENROLL

There are three forms located in the back pocket of this guide — an Enrollment Form, a Beneficiary Form and a Salary Deferral Agreement. Once you have thoroughly read through all the materials in this Planning Guide, fill out all three forms and return them to Empower Retirement.

### Step 1: Enrollment Form

Indicate the dollar amount, in whole dollars, that you want to contribute to the Plan *from each paycheck*. For example, \$50 each paycheck.

Indicate the investment options you want to include in your Plan account. Then you'll need to specify the percentage (in whole numbers) that you want to contribute to each investment option you select.

### Step 2: Beneficiary Form

Make sure your primary and contingent beneficiary designations total 100% each.

### Step 3: Salary Deferral Agreement

Be sure to authorize the state to withhold your payroll deductions by completing and signing this form.

### Step 4: Mail or deliver the forms to the following location:

Empower Retirement  
100 State Street, Suite 346  
Montpelier, VT 05602

### Step 5: Stay on top of your saving and investment program.

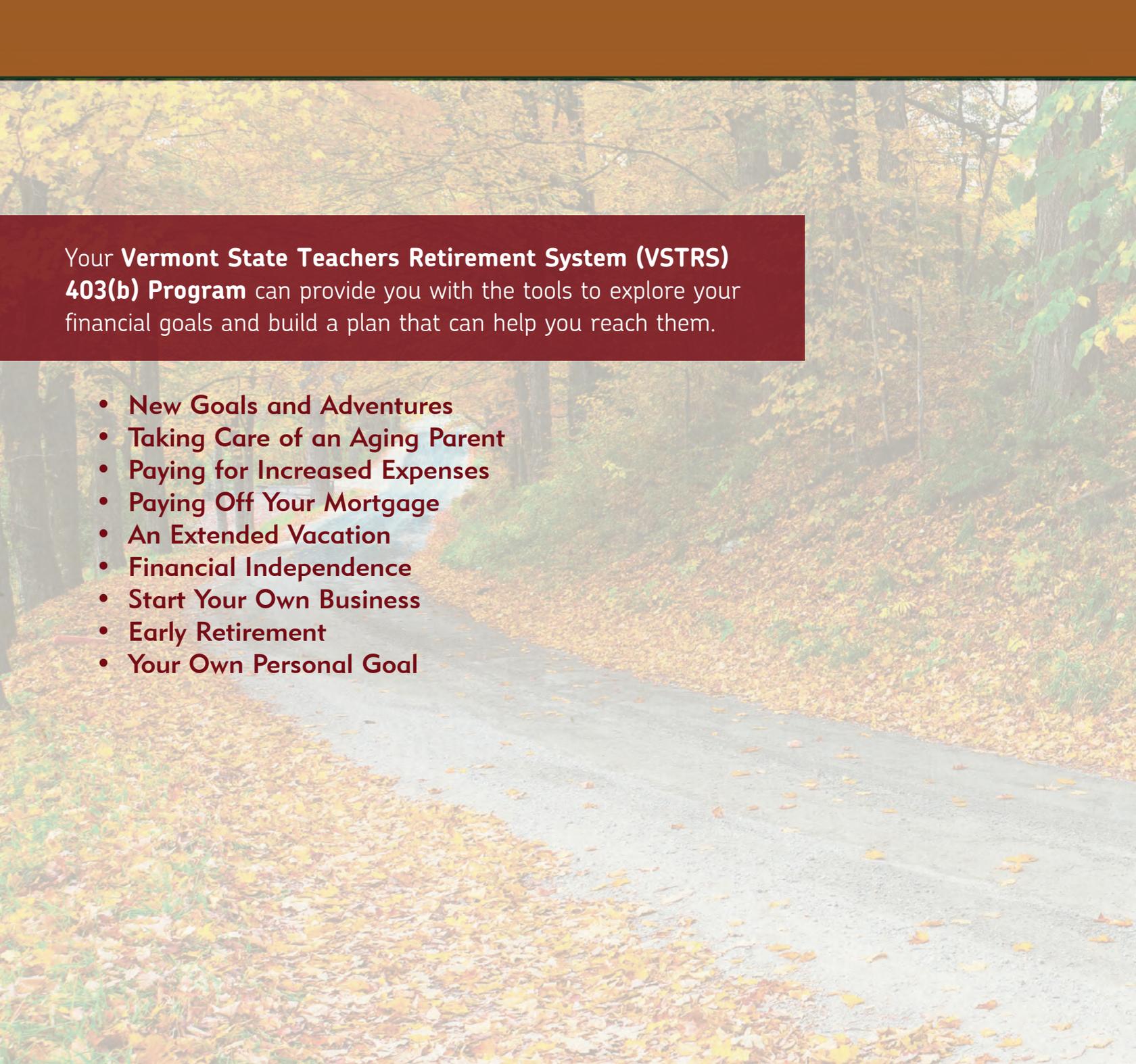
There are many ways to track your account. You can review your account on the Web at **www.Vermont457.com** or by calling the voice response system at **(800) 457-1028**. You will also receive quarterly statements from Empower.

**Tap Into Your Financial Future** and enroll now in your State of Vermont 457 Deferred Compensation Plan.

<sup>1</sup> Representatives of Empower Retirement do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed.

State and municipal employees have access to local Empower Retirement representatives who are exclusively dedicated to the 457 Deferred Compensation Plan. You can reach them from 8 a.m. to 4:30 p.m. (Eastern time), Monday through Friday, by calling (800) 457-1028.<sup>1</sup>





Your **Vermont State Teachers Retirement System (VSTRS) 403(b) Program** can provide you with the tools to explore your financial goals and build a plan that can help you reach them.

- **New Goals and Adventures**
- **Taking Care of an Aging Parent**
- **Paying for Increased Expenses**
- **Paying Off Your Mortgage**
- **An Extended Vacation**
- **Financial Independence**
- **Start Your Own Business**
- **Early Retirement**
- **Your Own Personal Goal**

Once enrolled in your Vermont State Teachers Retirement System 403(b) Program, you can review your account, make changes and more online at **[www.VSTRS403b.com](http://www.VSTRS403b.com)**.

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