Your employer-sponsored plan:
the key to building retirement security

Anytime is a good time to think about saving for your future and how your employer-sponsored plan can make a significant difference in the race to meet your retirement goals.

Deductions are automatic

Your retirement plan contributions are deducted directly from your paycheck, making it easy for you to save consistently for your future. Depending on your plan, you may have the option to contribute a specific dollar amount (say, $150 per month) or a percentage of pay (for example, 10 percent). Like many workers, you may find contributing a percentage of pay is easiest. That way, if you receive a raise, you automatically increase your contributions, as well.

You receive two levels of tax benefits

First, contributions to your account are made before income taxes are deducted from your paycheck, thus helping to reduce your taxable income. To see how much, go to the Calculators section of **mybmoretirement.com**. There, you'll find an easy-to-use **Take Home Pay Calculator** that will show you how pre-tax calculations would impact your take-home pay.

The second tax benefit offered by your plan is that your money can grow free from taxes until you withdraw it, typically in retirement. As the chart on the next page illustrates, the power of tax-deferred compounding can help turn a small contribution into a sizable nest egg, when given enough time to grow.

Your employer match is like free money

Many employers match a certain percentage of contributions. Some match dollar-for-dollar up to a certain percent; others add 50 cents for every dollar you contribute, up to a certain level. Whatever the amount, it makes sense to take full advantage of this plan provision, if possible, by putting at least the maximum amount your employer matches into your plan.

You can ease into the market

Participating in your retirement plan enables you to take the guesswork out of investing. Because your contributions are taken from your paycheck on a regular basis, regardless of what's going on in the markets, your money should buy more investment shares when prices are low and fewer shares when prices are high. This may lower the average cost of your total investments over time. Keep in mind, for dollar cost averaging to work, you need to invest regularly and consider your ability to continue contributing during low price levels.

Your funds are portable

When you leave your job or retire, you can take your savings with you. If your employer offers matching contributions, you'll be able to take not just the funds you contributed yourself, but also any vested employer contributions plus the earnings that have accumulated on those contributions. Within certain limits, the funds in your plan can be rolled over directly to a new employer's plan or another qualified retirement plan, such as an Individual Retirement Account (IRA), without penalty. This allows

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you to keep your money growing tax-deferred without interruption until you must begin taking required minimum distributions starting at age 70½.

A good habit to develop

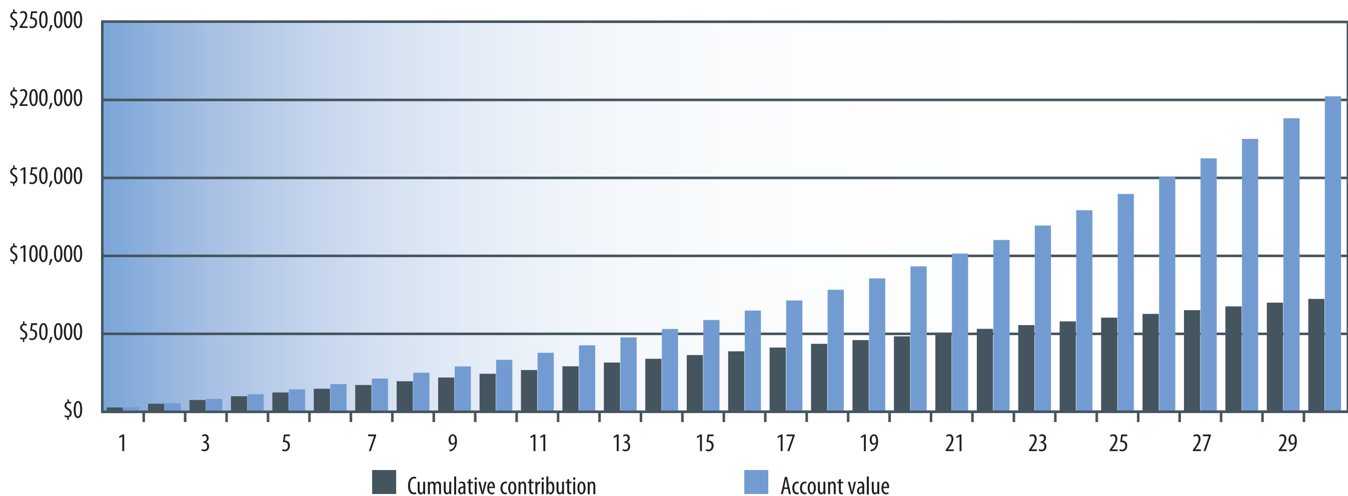
Contributing to your retirement plan should be a lifelong habit. Your contributions today can help ensure you have the kind of future you want when you decide it's time to stop working.

For further information on retirement planning

We invite you to visit mybmoretirement.com or call the My BMO Retirement Line at **1-800-858-3829**.

The power of tax-deferred compounding: seeing is believing

How much would you have for retirement if you saved $200 a month and your investments grew at 6 percent per year? After 30 years, your account could be worth nearly three times what you put in.



This hypothetical example is based on monthly contributions of $200 to a tax-deferred retirement plan and a 6 percent average annual return, compounded monthly. Pre-tax contributions and any earnings will be taxed at the time of withdrawal at the income tax rate in effect at the time and may also be subject to a 10 percent early withdrawal penalty if taken before age 59½. This illustration is not intended to reflect the performance of any specific investment and your own account may earn more or less than this example. Systematic investing does not assure a profit or protect against loss in declining markets. This type of plan involves continuous investment in securities, regardless of fluctuating price levels. Investors should consider their ability to continue investing during periods of low markets. Past performance does not guarantee future results.

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