MICHIGAN OFFICE OF RETIREMENT SERVICES

VOYA FINANCIAL

The Cost of Waiting

Saving a small amount from each paycheck could make a huge difference at retirement.

Have you started saving for retirement?

The good news is, odds are, you'll live longer than past generations. The bad news is, living longer means you'll need more money for retirement — possibly up to 30 years' worth.

Most financial professionals agree that you'll need at least 70% to 80% of your working income to maintain your lifestyle during retirement.

You should expect to spend the same or more on your living expenses in retirement than you do today. The cost of living increases as the cost of healthcare, housing, energy, and other costs go up.

Inflation can also damage the purchasing power of your retirement dollars. For example, if you project a 3% inflation rate over the next 25 years, a gallon of milk purchased today for $4.21 will hypothetically cost you $7.37 in 2047.

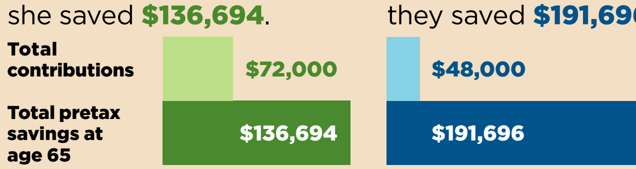
What waiting could cost you

Li started saving $300 per month at age 45.

After 20 years, she saved **$136,694**.

Frieda started saving $100 per month at age 25.

After 40 years, they saved **$191,696**.



With more time for their money to grow, Frieda contributes less monthly but ends up with $55,002 more at retirement.

Results depend on investment choices and market conditions.

This hypothetical illustration is based on an annual effective rate of return of 6% and does not reflect the performance of any specific investment option. It does not take into account the payment of taxes and does not intend to predict investment results. The illustration does not include fees or expenses that an investment product could assess. If included, these fees would reduce the figures shown above. Systematic investing does not ensure a profit or guarantee against loss. You should consider your ability to invest consistently in up as well as down markets. Not intended to serve as financial advice. Taxes are generally due upon withdrawal.

Save now and pay later

Your State of Michigan 401(k) and 457 Plans can help you save money now by paying less tax today and potentially less tax tomorrow.

Contributions to your 401(k) and/or 457 plan are made prior to income tax deductions, which means you're paying less in current taxes from each paycheck.

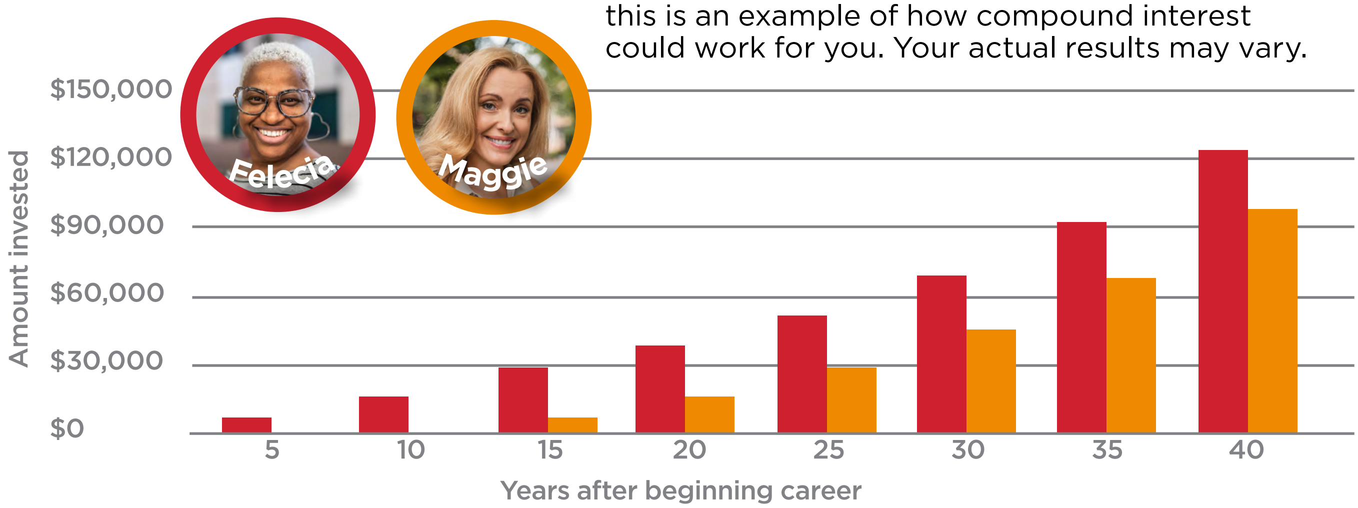
Your account grows tax-deferred, meaning you won't pay taxes on it until you withdraw funds from the plan. If you are in a lower tax bracket when you withdraw funds, you may pay less in taxes than you would today.*

How compounding may change your retirement

When you invest in fixed credit interest rate accounts, you earn interest on your money. And then that interest earns interest. That's called compound interest, and it's how your account grows over time.

Maggie and Felecia both started working for the same employer on the same day at age 25. Felecia began making a monthly contribution of $100. Maggie chose to wait another 10 years before contributing to the plan. Felecia stopped investing after 15 years, while Maggie continued to invest $100 a month until she retired at age 65.

Both contributed $100 a month, totaling $1,200 each year, and earned a 6% return on their investments. Felecia invested for 15 years for a total of $18,000. Maggie invested for 30 years for a total of $36,000 — more than double Felecia's investment. However, Felecia still came out ahead with an account value of $123,738 compared to Maggie's account value of $97,926 (as seen below). That's the power of compound interest. Remember, this is an example of how compound interest could work for you. Your actual results may vary.



This illustration does not reflect the performance of any specific investment. The returns are hypothetical not guaranteed and do not reflect the past or future performance of any specific investment option. Payment of income taxes is not reflected.

*Penalties will apply to early withdrawals — usually before age 59½, unless an IRS exception applies.

This information is for educational purposes only and is not legal, tax or investment advice. Local Plan Service Representatives are registered Plan administrative services are provided by Voya Institutional Plan Services, LLC (VIPS). VIPS is a member of the Voya family of companies and is not affiliated with the Michigan Office of Retirement Services.