

Give Your Retirement Plan a Tax Boost! Government of Guam 457 Deferred Compensation Plan

It's That Time of Year Again ... Tax Time!

Every year at this time, it's the same old story: We see how much we pay in income taxes, we complain, and then we write a check or grumble about not getting as big of a refund as we'd hoped.

Make This Year Different

Help put your family on better financial footing by taking advantage of one of the easiest, most effective retirement planning tools available to you: your employer-sponsored retirement plan. If you're not participating, now is a good time to enroll. Or, if you're already participating, think about increasing your contribution.

Lower Your Income Taxes

Your contributions are deducted from your salary before federal income taxes are taken out, which means you could pay less next year at income tax time. How much less? As the chart at right shows, that is up to you!

Take Advantage of Tax Deferral

Any earnings on your account—such as interest, dividends or capital gains—are tax deferred, just like your contributions. That means they will not be taxed until you withdraw the money.¹

Benefits of Compounding

Tax-deferred compounding—earning interest on any earnings as well as your contributions can help your savings grow even faster. As the chart to the right demonstrates, investing in your savings Plan could help you earn hundreds of dollars more per year than comparable taxable investments.

Take Control ... Enroll Today!

Call your Great-West
Retirement Services®
representative, Melanie
Mendiola or Alice Taijeron,
at 475-8945.

Tax Benefits of Contributing to a Retirement Plan

	Without a Retirement Plan	If You Contribute 4% to a Retirement Plan
Annual Salary	\$30,000	\$30,000
Your Annual Before-Tax Contribution	\$0	\$1,200
Adjusted Gross Income	\$30,000	\$28,800
Federal Taxes	\$4,500	\$4,320
Saved for Your Retirement	\$0	\$1,200
Current Tax Savings	\$0	\$180

FOR ILLUSTRATIVE PURPOSES ONLY. This example was developed using the Internal Revenue Service's 2011 tax tables. It assumes a 15% tax bracket and a filing status of "single," using the standard deduction.

Taxable vs. Tax-Deferred Compounding

Years	Cumulative Contributions	Taxable Account Balance	Tax-Deferred Account Balance
5	\$6,000	\$6,821	\$6,977
10	\$12,000	\$15,628	\$16,388
20	\$24,000	\$41,680	\$46,204
30	\$36,000	\$85,105	\$100,452

FOR ILLUSTRATIVE PURPOSES ONLY. This illustration is hypothetical and does not represent the performance of any investment options. It assumes a 6% annual rate of return, a 15% federal income tax bracket, \$100 monthly contributions, \$0 starting point, 12 pay periods, and reinvestment of earnings, with no withdrawals. Distributions from a tax-deferred retirement plan are taxable as ordinary income. Assumes that the taxable account does not hold any investment for more than 12 months. Taxable investments held longer than 12 months may qualify for lower capital gains and/or qualified dividend tax rates, which may make the return on the taxable investments more favorable, thereby reducing the difference in performance between the accounts shown. Rates of return may vary. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.

¹ A 10% federal tax penalty may apply to withdrawals made prior to age 59½. The 10% early withdrawal penalty does not apply to 457 plan withdrawals.

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