

Why participate in your 401(k) plan?



Wealth Management

Why contribute

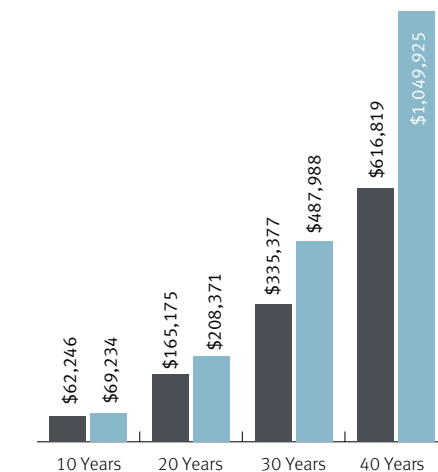
When saving for retirement, every dollar counts. The journey from work to retirement isn't made in one giant leap. It takes a lifetime of savings to steadily build your nest egg.

By contributing to your company retirement plan, small contributions today can add up to a significant amount tomorrow. This is due to the advantage of tax-deferred growth. For example, a contribution of \$100 a month to a 401(k) plan can grow to \$52,093 in 20 years, assuming a 7% rate of return. So, a total contribution of \$24,000 turns into \$52,093.

How a 401(k) plan works

A 401(k) plan allows participants to make pre-tax contributions through payroll deductions to save for retirement. Most plans will allow participants to contribute up to 100% of their pay not to exceed the IRS limit of \$18,500 for 2018. If the plan provides for catch-up contributions, participants age 50 and over may be able to make an additional \$6,000 catch-up contribution for 2018. Additionally, many companies make matching employer contributions

The advantage of tax-deferred growth



■ \$400/mo @ 7% in 28% Tax Bracket ■ \$400/mo @ 7% in Tax Deferred

This is a hypothetical illustration comparing the growth of \$400/month invested in a taxable account and a tax deferred account and what those accounts would be worth at various points in time.

This is for illustrative purposes only and does not represent the performance of any particular investment vehicle. Your return will vary.

or profit sharing contributions to employee accounts. In most plans, participants have the opportunity to direct their contributions into a variety of investment choices. In addition to reducing taxable income and allowing tax-deferred growth, a 401(k) plan may offer other benefits such as provisions that allow for hardship withdrawal or loan options. Please refer to your summary plan description to see what is available in your plan.

How RBC Wealth Management can help

At RBC Wealth Management, our first priority is to help you achieve your financial and retirement goals. We put your needs first, using a wealth management approach to effectively help you meet those goals. We integrate your objectives into thoughtful, effective strategies and solutions.

Your RBC Wealth Management® financial advisor will work with you to implement your retirement strategy.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

RBC Wealth Management is not a Tax Advisor. All decisions regarding the tax implications of your investments should be made in connection with your independent tax advisor.

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