

Act Your Age

Many people age 45 and younger invest like aging baby boomers, with only modest exposure to stocks. Unfortunately, they face the risk that their money won't grow enough to fund their retirement years.*

If you're in your **20s, 30s** or early **40s**, consider investing **a larger portion of your portfolio in stocks**. That allocation could provide the potential return you'll need to pay for a retirement that could last 25 years or longer. With decades left in your career, you may have time to make up for short-term market declines.

As you approach retirement, shift a portion of your assets to fixed income, keeping some equities for the growth potential you'll need. ●

*"What's Gen X So Scared Of? Stocks." smartmoney.com, May 5, 2011.

Have Questions? Need More Information?

Web site*: www.wellspansavings.com
KeyTalk*: 877-SAV-WELL (728-9355)

Please note: This newsletter does not constitute investment or financial-planning advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

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FINANCIAL Footnotes

A retirement-planning newsletter
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Why Contribute More?

Three ways your workplace plan helps your nest egg grow

You may find opportunities to boost retirement savings: a salary increase, for example, or cash freed up from paying off a loan. When such an opportunity arises, consider why increasing contributions to your workplace retirement plan is a good idea.

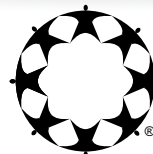
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2012 Contribution Limits*

\$17,000
Before taxes

\$22,500
If you are age 50 or older

*IRS limits on contributions to workplace retirement plan accounts. Amounts may vary by plan.



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Why Contribute More?

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1. Tax relief

In 2012, you may be able to save up to \$17,000, before taxes, in your workplace plan. If you are age 50 or older and your plan allows, you may also be able to contribute an extra \$5,500 in so-called “catch-up” contributions.¹ You won’t pay taxes on your contributions or earnings until you withdraw the money, usually during retirement, when most investors are in a lower income tax bracket than they were when they were working.

2. Greater compounding potential

You may reinvest every penny of your investment earnings without handing over any of it to Uncle Sam. Over time, these reinvested returns have greater potential to generate more returns than if they were reinvested in a taxable account such as a brokerage account. This is due to a phenomenon known as tax-deferred compounding. The longer you invest tax-deferred, the greater compounding’s potential impact.

3. Retirement readiness

It doesn’t take much to make a big difference. Even as little as a 1% annual boost in contributions today could add hundreds of dollars to the size of your monthly retirement plan account withdrawals.² ●

Your workplace retirement plan can be your most powerful savings tool. Make the most of it.

1. “401(k) Resource Guide—Plan Participants—Limitation on Elective Deferrals, 2011,” irs.gov.

2. “4 Ways to Improve Your Retirement Readiness,” smartmoney.com, June 11, 2012.

**The longer you invest,
the greater compounding’s
potential impact.**

Target: \$0 Debt

Getting rid of debt can help you meet other financial goals

Money used to pay off your loans means less money for retirement savings, college saving or other goals such as a down payment on a house. So make a pledge now to trim your debt, with the goal of eliminating it altogether.

Plan your strategy

When reducing debt, start with the most expensive debt first—typically from credit cards. Consider transferring your credit balance to a card with a lower interest rate than the one you use now, if applicable and appropriate for your unique situation. The average variable credit card rate recently offered online was 14.52%.* ●

The Big Payoff

John and Janet each owe \$5,000 in credit card debt, at an annual interest rate of 16%. John decides to make the minimum monthly payment only—based on the interest owed plus 1% of the outstanding balance. Janet wants to get out of debt quickly, so she cuts back on other expenses and decides to make a fixed payment of \$190 a month. By accelerating her pay off, Janet saves almost \$5,000 in interest.

	John	Janet
Months to pay off debt	269	33
Total interest paid	\$6,126	\$1,199

Source: Bankrate.com calculator, “The True Cost of Paying the Minimum.”

*Bankrate.com, as of August 9, 2012.