National Plus Plan

INVESTING FOR A BRIGHTER FUTURE

Retirement Planning Newsletter

For participants of the National Plus Plan *July - 2021*

Save Early Save Often!

The sooner you start to save, the easier it will be to amass a comfortable nest egg -- thanks to the power of time and the magic of compounding.

A 25-year-old who saves $450 a month in a tax-deferred retirement account and earns an average yearly return of 7% will have about $1.1 million by age 65.

If the same investor waits until age 35 to start saving, they would have to sock away $950 a month to reach roughly the same balance by age 65.

Try to contribute 15% of your income towards your annual retirement savings. If that's not doable, put away as much as you can and increase the percentage as your income and budget allow.

Getting started, even if you're saving 3% of your income or $10 a week, is the critical goal when saving for retirement. Once you see progress, it becomes that much easier to save 1% more, or $5 more per week.

Don't Make Excuses for Putting Off Retirement

There are many reasons why we defer our dreams of financial independence. Here are some common psychological avoidances, and how to overcome them.

"I can't afford it." Sure, you have lots of competing uses for your money. Some types of spending are locked in each month, such as paying for your mortgage and monthly utility bills. Other dollars go to nice-to-haves, such as eating out or taking a weekend trip. It may feel as if nothing is left over at the end of the month so saving for retirement seems almost impossible given your present lifestyle.

Someday you'll have to get by without a paycheck. While Social Security can provide a monthly income, it isn't likely to replace your working-years salary. Along with this income replacement challenge in retirement you should also expect that some expenses, such as healthcare will go up. Unless you are independently wealthy or can count on family members to care for you, you can't afford to ***not*** save for retirement.

"I have many years before I need to think about retirement."

As we move through our 20's, 30's and 40's, caught up with jobs and families, it's easy to put off retirement planning. Some of the most powerful aids to planning are math and time. The longer you have until retirement, the more you can build up savings through compounding, and the less you'll need to invest each month.

The earlier you start saving, the better; but even if you're just a decade away from retirement, you can set aside a good chunk of money each month. And, you can boost your savings by committing to increasing your savings amount each year.

"Planning for retirement is too big for me to tackle right now."

Retirement planning is, in actuality, life planning. You need to ask three essential questions: *What do you have? What do you want? How do you get what you want?* These questions can be stressful, but even so, they're important. Wishing won't make the problem go away. Try taking small steps

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such as conducting a review of your personal finances to determine if there are areas of over spending in your budget. If you would like to discuss the various investments in the National Plus Plan and your specific retirement objectives please contact the Plan's dedicated financial advisors at J.W. Thompson Investments (800-929-9479).

"Stocks and bonds are risky." There's no avoiding risk in investing. Even stashing cash in your mattress doesn't relieve the risk of inflation which erodes away at your purchasing power over time. Stocks and mutual funds that invest in stocks are one of the best ways to beat inflation over the long haul. While never zero, the risk of investing in stocks goes down the longer your time horizon for investing in them is.

Bond investments also carry risks, but nevertheless deserve a place in every retirement portfolio. Especially for those nearing or entering retirement, bonds can offer a steady flow of income and often produce an attractive rate of return.

Long-Term Investment Success = Time

Sticking to a sensible strategy potentially beats market timing

When the market drops, sometimes investors panic, selling at or near a market bottom. Then they wait too long to get back in once the market recovers. More often than not, these investors make "market timing" decisions based more on emotion than logic.

As much as we'd like to think we can, no one can predict the future, including the direction of the stock market. It makes little sense to base your investment plans and decisions on unknowns, over which you have no control.

Market timing usually fails as an investment strategy because it involves two decisions: knowing when to get out, and knowing when to get back in. Getting both decisions right is very tough, even for professional investors. Selling at the wrong time locks in actual losses, while staying invested only incurs losses, or investment valuation changes, on paper.

Instead, you should establish a solid, long-term investment plan and stick to it. Contributing to your retirement plan each month imposes a certain discipline that has the potential to make you more money over time. This is because your regular investment buys fewer shares of a fund when prices are high, but more shares when prices are low. The result? Potentially, more money to spend in retirement.

National Plus Plan Contact Information

For information about investing in the National Plus Plan and the funds offered, contact J.W. Thompson Investments toll free at: 1-800-929-9479

For information about the administration of the National Plus Plan, contact the Pension Office toll free at : 1-800-452-4155

Information about the National Plus Plan is also available on the internet at: www.NationalPlusPlan.com

Para informacion sobre el Plan Nacional Mas en espanol, contacte a la oficina del Plan de Pension al 1-800-452-4155