



INTRODUCTION

The NOITU Individual Account Plan (the “Plan”) is a valuable benefit program that helps you put money aside for a financially secure retirement. The purpose is to start saving some of your own money now so that you can have the money you will need after you stop working. Participating in the Plan is easy. **Start saving now!**

ADVANTAGES

You can elect to contribute a portion of your pay to your retirement account each payday through convenient payroll deduction and on a pre-tax basis. Saving money through the plan is easy. Saving \$25 per paycheck will reduce your paycheck by approximately \$19. That’s the benefit of pre-tax savings. See Exhibit A below for an illustration on the advantages of saving on a pre-tax basis. Your employer also makes contributions to your retirement account, subject to your Participation or Collective Bargaining Agreement. However, the employer contributions alone may not be enough to pay for your retirement. All contributions are not subject to federal taxes (or, where applicable, state or local taxes) until you take them out of the Plan. This tax deferral gives your retirement savings the opportunity to grow under the most favorable terms possible.

EXHIBIT A – TAX ADVANTAGES* FOR ILLUSTRATIVE PURPOSES ONLY (YOUR TAX SCENARIO MAY BE DIFFERENT)

	<u>Savings in NOITU Plan</u>	<u>Savings outside of NOITU Plan (ex. bank account)</u>
Gross Pay	\$500.00	\$500.00
<u>401(k) Contribution</u>	<u>(\$25.00)</u>	<u>\$0.00</u>
Taxable Pay	\$475.00	\$500.00
U.S. Income Taxes	(\$118.75)	(\$125.00)
FICA Tax (7.65%)	(\$38.25)	(\$38.25)
Non-401(k) Savings	\$0.00	(\$25.00)
Spendable Pay	\$318.00	\$311.75

INCREASE IN SPENDABLE PAY: \$6.25

**Assumes elective deferral of \$25, income of \$500 per pay period (weekly), 25% tax bracket and married filing jointly*

SUMMARY: The above chart and tax scenario illustrates that by saving \$25 per week into the NOITU Individual Account Plan, your reduction in pay is approximately \$19 per paycheck.

WHY SHOULD I SAVE?

Social Security is providing a smaller percentage of most retirees’ financial needs than in the past. It is estimated Social Security only pays for 40% of retirement income for current retirees. Hopefully you will spend many years

40% or less:

The amount of your income that may be provided by Social Security in retirement.

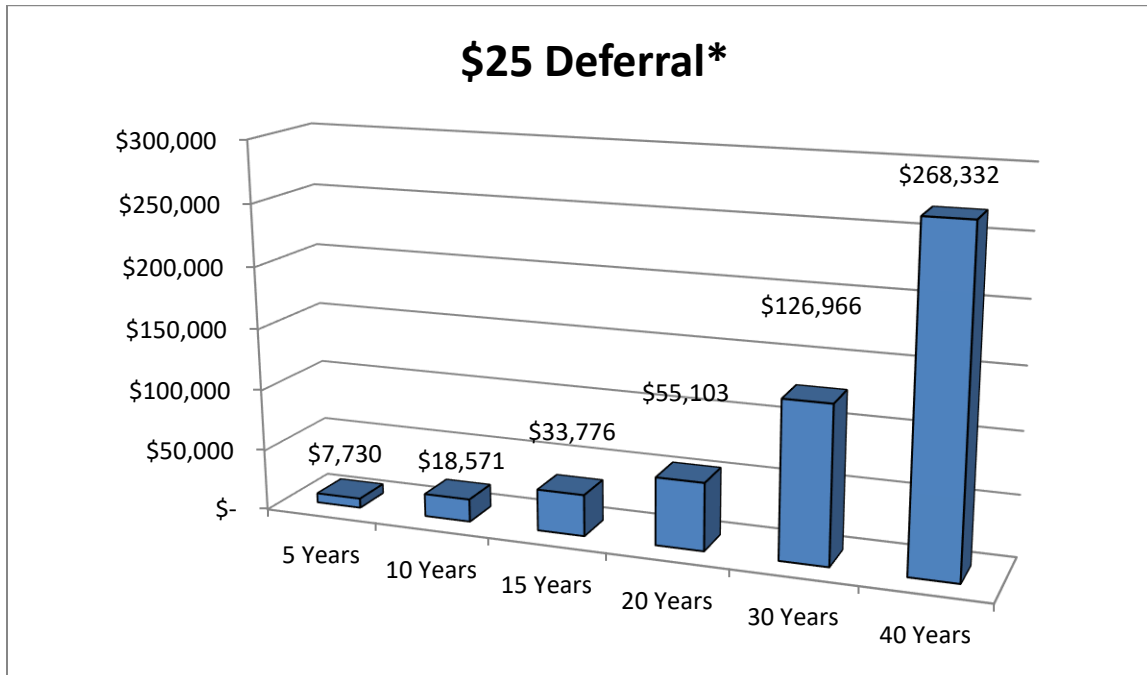
enjoying retirement. The good news is that older people are generally in better health than ever before. Many retirees have very active lifestyles and need the money to pay for them. Also, keep in mind that during your retirement years, you will still need to pay your bills. Therefore, it is important to start saving now. Start saving early and watch your account grow. Time can be your most important ally when you’re saving for retirement. With the power of

compounding, putting aside even a small amount early in your career can mean big savings at retirement.

An example of how your contributions grow over time is illustrated below on the chart labeled Exhibit B.

EXHIBIT B – GROWTH OF \$25 CONTRIBUTION OVER TIME (FOR ILLUSTRATIVE PURPOSES ONLY)

PAST PERFORMANCE IS NO GUARANTEE AND NOT A PROJECTION OF FUTURE RESULTS



**Assumes \$25 elective deferral (pre-tax payroll contribution) and investment growth of 7%/year*

As illustrated in the chart above, starting early gives your money more time to “compound”. Compounding is what happens when the investment earnings on your savings are reinvested and earn an investment return of their own. It’s easier to save a little each pay period throughout your career than a lot at the end of your career. In addition, you will probably need more money for a comfortable retirement than your parents or grandparents since costs are higher and people are living longer after they retire.