

## Go For The Limit

Want to put aside more money for retirement? As a result of the Pension Protection Act (PPA) of 2006, retirement investors can make substantially bigger 403(b) contributions over time, especially after age 50.

### Uncle Sam Boosts Limits

A focus of the PPA is on expanding savings opportunities—such as making permanent the contribution increases for 403(b) plans that had been set to expire at the end of 2010.

### Save More

Boosting your annual contributions to take advantage of higher limits can make a significant difference in building retirement savings, as shown in the chart below. Remember: Even if you can't contribute the maximum allowed, contribute as much as you can as early as you can.

Consider hypothetical 45-year-old workers Sally and Sam. Starting in 2007, they both contribute \$15,500 a year in the company 401(k) plan. In 2012, when they both turn 50, Sally boosts her contribution by \$5,000, to \$20,500 a year, while Sam maintains his \$15,500 annual contribution.<sup>1</sup>

By the time they are 65 years old, Sally will have contributed \$75,000 more than Sam. Assuming they've both earned the same 8% average annual return throughout the entire 20-year period and maintained their respective annual contribution amounts, Sally will have an amount that's \$141,574 greater than Sam's.<sup>2</sup> Fees and charges, if applicable, are not reflected in this example and would reduce the results shown."

<sup>1</sup>Sam \$310,000 contribution + \$429,687 earnings = \$739,687

<sup>2</sup>Sally \$385,000 contribution + \$496,261 earnings = \$881,261 total

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