

SAVING FOR RETIREMENT

WHY IT PAYS TO START EARLY



START TODAY TO BUILD FOR TOMORROW

In your 20s, retirement is probably the last thing on your mind. You're focused on covering the basics—rent, food, gas, and maybe student loans or credit card debt. Any extra money goes toward enjoying life: time with friends, travel, or a growing family—not retirement.

Investing can also feel complicated, making it easy to put off.

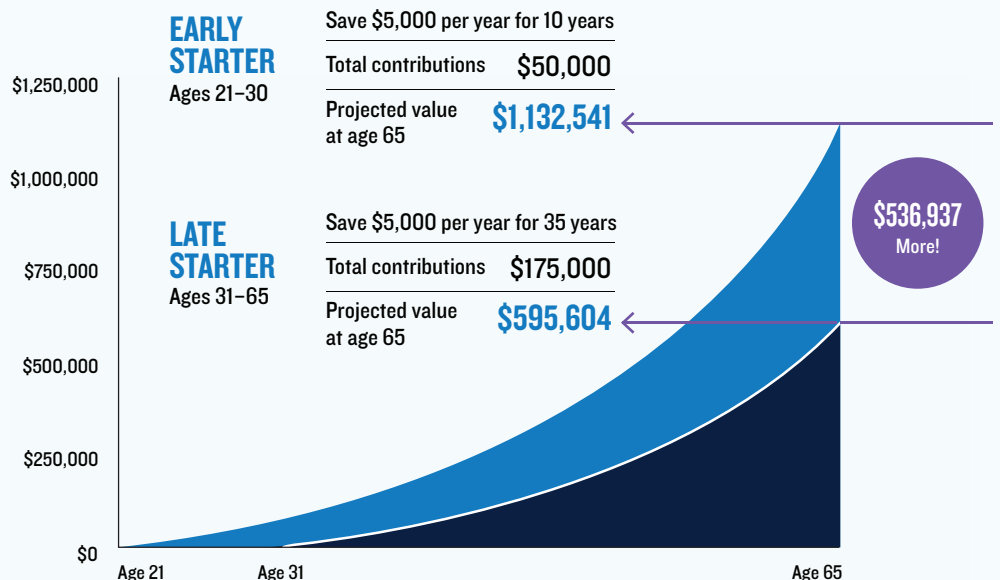
But starting early and taking advantage of your workplace 401(k) are two of the smartest moves you can make, helping you retire on your own terms, with enough savings to last 20, 30, or more years without a paycheck.

DON'T PROCRASTINATE

Saving early can make a big difference.

Imagine you save \$5,000 a year in your 401(k) from ages 21 to 30, and then stop. By the time you retire, you could have more than \$1.1 million. That's nearly double what you might have if you saved \$5,000 a year from ages 31 to 65.

Why? Starting earlier gives your money more time to grow through compounding—even if you invest less overall.



Source: PGIM. Assumptions include 6% annual return. Not indicative of an actual investment; for illustrative purposes only.

UNDERSTAND THE POWER OF TIME AND TAX DEFERRAL

The longer your money stays invested, the more opportunity it has to grow.

Compounding means you earn returns on both your original investment and the earnings it generates—like interest, dividends, and capital gains—while your money stays invested. Over time, this can significantly grow your savings, and it's a key reason why starting early matters.

And participating in your workplace 401(k) gives you an extra advantage through tax-deferred saving. Contributions are taken from your paycheck before taxes, which lowers your taxable income today. And any investment growth isn't taxed until you withdraw the money in retirement.¹

This allows more of your money to stay invested and continue growing over time.

DON'T LEAVE FREE MONEY ON THE TABLE

Your employer may match a portion of your 401(k) contributions—essentially giving you “free money” to help grow your retirement savings. If you're not contributing, you're missing out on that extra money.

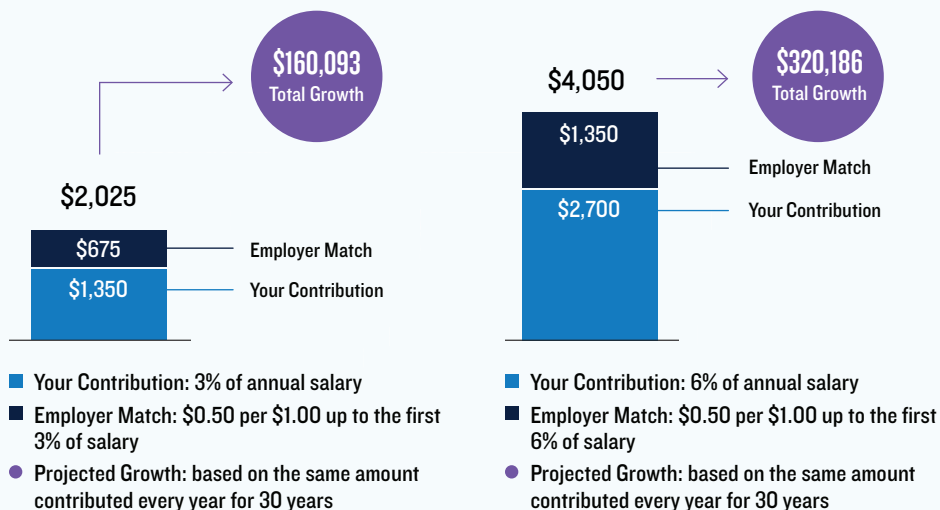
Find out how much you need to contribute to get the full match, and aim to contribute at least that amount. A common employer match is **50% of what you contribute, up to 6% of your salary**, though your plan may differ.²

BOOST YOUR SAVINGS

If you take advantage of your employer's 401(k) match, you could substantially increase your retirement savings over the course of your working years.

How the “free money” employer match can grow your retirement savings

Hypothetical examples based on a \$45,000 salary



Source: PGIM. Assumes a 6% annual return. Not indicative of an actual investment; for illustrative purposes only.

PUT YOUR SAVINGS ON AUTOPILOT

Set up automatic contributions through payroll deduction to make it easier to stay on track.

Consistent contributions help you take advantage of dollar cost averaging—by investing the same amount on a regular basis (for example, each paycheck), you automatically buy more shares when prices are low and fewer when prices are high. Over time, this can help lower your average cost per investment and reduce the impact of market ups and downs.

If money is tight, look at your expenses and see where you might be able to cut back during this important early saving period. Even small amounts you save and invest today, can make a big difference tomorrow.

¹ Pre-tax 401(k) plan withdrawals of contributions and earnings are subject to federal and most state income taxes. Early withdrawals (before age 59 and a half) may be subject to taxes and penalties; exceptions apply. See your plan's information regarding qualified and non-qualified withdrawal treatment.

² Empower, 401(k) Matching Example, Potential Growth Over Time, December 5, 2025.

THE BASICS OF HOW YOUR 401(K) GROWS

Two key concepts that shape how your money is invested:

ASSET ALLOCATION



Asset allocation is the mix of stocks, bonds, and other types of investments you own. It plays a central role in how your portfolio performs over time.

Here's why: Different types of investments respond differently to market changes. For example, what causes stocks to fall might help bonds perform better. In other words, when one type of investment goes down, another may go up.

TIME HORIZON



Time horizon is closely tied to asset allocation. The younger you are, the more time you have to recover from market ups and downs and benefit from long-term growth.

With time on your side, taking on more risk (stocks) vs. being too conservative (bonds) is a time-tested strategy.

TIME IS ON YOUR SIDE

Because younger investors have more time to ride out market ups and downs, investing more heavily in stocks has historically led to higher long-term growth. Over the past 10 years, stocks have outperformed bonds—even during periods of market uncertainty, including the COVID-19 pandemic and rising inflation.

Bond Vs. Stock Returns Over The Past 10 Years

1.70%

100% Bonds

8.08%

50% Bonds/ 50% Stocks

14.16%

100% Stocks

LOWER RISK/ RETURN



HIGHER RISK/ RETURN

Source: Morningstar Direct. As of 3/31/2026. Bonds: Bloomberg U.S. Agg Bond TR. Stocks: S&P 500 TR USD. Indexes are unmanaged and are provided for informational purposes only. Investors cannot directly invest in an index.

WHICH INVESTMENT APPROACH IS RIGHT FOR YOU?

You generally have two options when choosing how to invest your 401(K):

1 SELECT YOUR OWN 401(K) INVESTMENTS (HANDS-ON)

On the plus side, your 401(k) plan offers a wide range of investment options. But building and managing a diversified portfolio on your own can feel overwhelming.

2 LET A PROFESSIONAL MANAGE YOUR 401(K) FOR YOU (HANDS-OFF)

Another option is to choose a professionally managed investment solution—like a target date fund (TDF)—that's designed to manage your retirement portfolio for you.

HOW TO DECIDE

Ask yourself:

- Do I have the time to research investments, spread my money across different types of investments, and rebalance those investments over time?
 - Do I feel confident making long-term investment decisions—especially during market ups and downs?
-
- TDFs are professionally managed portfolios that invest in a mix of stocks, bonds, and sometimes cash, based on how far you are from your target retirement date.
 - When you're younger, they typically invest more in stocks for long-term growth.
 - As you get closer to retirement, they gradually shift to more conservative investments to help manage risk.
 - A single TDF provides built-in diversification across many different investments.
 - TDFs automatically rebalance over time, helping keep your portfolio aligned with your retirement timeline.



THE POWER OF TIME IS ON YOUR SIDE

The sooner you start saving and investing, the more time your money has to grow. Take advantage of the tools, resources, and investment options available through your employer's 401(k) plan to get started and stay on track.

For more information, visit your retirement plan website or contact your financial professional.

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