Spring 2015

RetireOnTarget® Newsletter.

How to pay off debt — and save, too.

Student loans, credit-card balances, car loans, and mortgages … you may have a variety of debt, like most people. What should you pay off first? And how can you save for retirement at the same time? Here are four tips to help pay off debt without harming your future savings.

1. Pay down credit card balances first.
It's easy to run up large balances. It's hard to pay them off. Your minimum required payments only cover the interest that you owe. You'll need to pay more to reduce your level of debt each month. If you owe money on multiple cards, pay off the one with the smallest balance first.

Remember not to use your credit cards while you're paying them down. If you're not in debt, avoid the problem altogether by paying off your entire balances each month.

2. Pay down private student loans next.
Private student loans for college charge higher interest rates than government student loans, in most cases. Generally, it's a good idea to pay down student debt with an interest rate above 8%. This is especially true when the debt is not tax deductible.

3. Take advantage of your retirement plan while chipping away at debt.
Paying down debt is important, but your retirement plan offers you a very easy way to set money aside. A little now can mean a whole lot later. Get the biggest benefit from your plan.

(*Continued on page 4*)

Go to RetireOnTarget on BenefitsForYou.com.
See how much you need to contribute to hit your goals. There's a retirement saving plan just waiting for you. Quickly edit it to match your situation even better.

If your employer matches money you put into your plan, don't pass it up. Think of it as "free" money. Contribute enough so you get the full amount offered in your plan.

Avoid the biggest 401(k) mistake for young savers.

You're in your twenties and switching jobs. You've saved a few thousand dollars in your company's 401(k) plan and have some credit card debt to pay off. Seems like a good idea to cash out of your 401(k) plan and pay off the card. But is it?

Many young people sabotage their savings by cashing out.
41% of employees between ages 20 and 39 cash out some or all of their 401(k) funds, according to research by Fidelity.*

**Fidelity Investments, 2014*

(Continued on page 3)

Mid-year economic overview.

Be up-to-date on the state of the markets. Know what it means for your retirement plan.

Register Now!

June 17, 11 a.m. CT.
One hour with Q&A.

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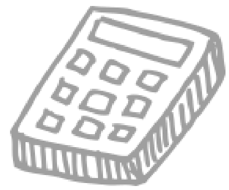
4 reasons to think about long-term care insurance.

Health care costs are among the leading concerns for people nearing retirement. In 2014, an average couple retiring is projected to pay an estimated $220,000 in health-care costs during the course of their retirement.* This figure doesn't even include long-term care.



Long-term care is the wild card of retirement planning.
You may never need it, but if you do, it's expensive. The costs vary by type of care and location.

- A semi-private room at a nursing home facility will cost, on average, about $6,235 per month.
- While part-time, in-home care is an option in other cases, it's not inexpensive.
- The average duration of long-term care service is three years. **

Long-term care insurance may be worthwhile for the following reasons:

1. To avoid needing care offered by family
Some people view their personal care as a private matter and prefer not to involve family members. Others worry that it may cause physical or emotional strains for loved ones.

One way to reduce family "burden" and gain other benefits is to have a long-term care insurance contract.

- People with this coverage tend to seek professional help sooner, with less family conflict.
- It can increase your ability to stay at home with professional in-home care.
- According to the American Association of Long-Term Care Insurance, in 2012, over 50% of long-term care insurance benefits were paid for in-home care. ***

Head into retirement with a long-term care plan.
Before you retire, it's a good idea to have some type of plan in place for how it will work someday if you're not able to care for yourself.

Who will take care of you? Where will you stay? What support might you need?

2. To protect the family nest egg
It takes a lifetime to save for retirement. Long-term care needs can present a risk to retirement savings. For example, a couple with a net worth of $500,000 could spend their life savings quickly if they have to cover the cost of long-term care for an extended time.

On the other hand, some worry that the insurance, itself, is too expensive.

**Fidelity Benefits Consulting, 2014*
***LongTermCare.gov, 2015*
****American Association for Long-Term Care Insurance, 2014*

(Continued on page 4)

Biggest mistake. *Continued*

While there is a great deal of media coverage about retirement savings and readiness, considerably less attention has been paid to one of the major dangers to retirement assets — premature cash-outs when young savers change jobs. This can significantly damage their long-term savings.

Try to avoid this mistake.

If you cash out your 401(k) before you're 59 ½, this is an **early withdrawal** in the eyes of the IRS. A 10% penalty will be assessed, in addition to regular income taxes.

In most cases, your plan administrator will mail you a check for 80% of your 401(k) balance. They'll withhold the 20% mandatory federal income taxes. Depending on your tax bracket, you may owe more or less when you file your return plus the 10% penalty.

It typically makes more sense, financially, to leave that money invested so it has the chance to grow.

Consider an easy solution.

Consolidate and continue to grow your hard-earned retirement savings when you change jobs.

- Roll your savings into your new employer's 401(k) plan (or an IRA)
- You don't have to be new to your job to do this — you can do this anytime if you have a balance in an old plan

Find out what to do in two simple steps.

1. Ask your human resources department if you can roll money from old plans into your current retirement plan at work. Chances are high you can do this.
2. Call the Investor Guidance Center at 800.999.8786. A representative will make it easy to consolidate.

It will be easier to manage your retirement plan investments if they're all in one account.

Find past newsletters on BenefitsForYou.com.

How to pay off debt — and save, too. *Continued*

4. Set aside emergency dollars.
Losing your job — or having an unexpected expense — could force you into a financial crisis. Paying off debts could be very difficult. An emergency fund could help a lot in a tough time.

Many people keep an emergency fund to cover three months of expenses. If you have a one-income family, you may want to set aside enough for six months of expenses. Build it up with automatic payments from your paycheck or a checking account.

Create balance with these tips.
Paying off debt is important. And protecting your future savings is important. Following these tips can help you balance these financial priorities and set yourself up for success.

Questions on investments?
Call at 800.999.8786.
We'll help make it easy.

Long-term care insurance. *Continued*

3. To provide cash flow if needed
Other people — like farmers and business owners — have high value assets, but minimal cash flow. Long-term care insurance can reduce their out-of-pocket health care expenses and protect cash reserves for day-to-day living, business/farm operating costs and to protect family assets.

4. To obtain peace of mind
Most people purchase long-term care insurance for emotional reasons. Numbers and dollars are important, but so is peace of mind.

What's right for you?
If you're close to retirement, look at the risks, costs and benefits to determine if long-term care insurance is a good choice for your situation. Learn more at LongTermCare.gov.