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Your Retirement in Focus

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Don't Push the Pause Button

With a retirement savings plan, you're in control of your financial future. You can fast-forward by making extra contributions to your plan account. Or you can reduce - or even stop - your contributions if you want to.

Pause
The power to pause your contributions is meant to be a safety valve. It's there in case you ever have a serious need. You might be tempted to cut back on your contributions for other reasons, however. Maybe you'd like to be taking home more money. Perhaps you're upset by disappointing investment results. But before you make any changes, think about this: *Pausing your contributions can be very expensive in the long term, as the chart below shows.*

Rewind
You won't want to disrupt your retirement savings if you change employers either. While you'll most likely be able to withdraw and use your plan balance, preserving it for your future is usually a better idea. Strongly consider rolling over your money to an individual retirement account (IRA) or your new employer's retirement savings plan. Or see whether you can leave the money in your current plan.

Deciding to spend your savings could damage your financial future. You'd essentially be rewinding your retirement savings balance back to zero. You'd generally have to pay taxes on the distribution, and possibly a penalty as well. And you'd have less time left for potential returns to help rebuild your balance. Your situation is unique, however, so be sure to consult a professional before taking action.

The Cost of Interrupting Your Savings
Juan and Jane contributed the same total amount. But Juan retired with $62,971 more because he never pushed the pause button on saving.

	Years	Annual Contributions
Juan	1-40	$2,000
Jane	1-5	$2,000
	6-10	**None**
	11-40	$2,333.33
Both Juan and Jane Contributed a Total of $80,000		
Plan Account Balance at Year 40		
Juan $437,478 **Jane $374,507**		

This is a hypothetical example that assumes contributions are made monthly and investments earn a 7% average annual total return compounded monthly. Your contributions, investment returns, and balances will be different.
Source: DST

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