

Your 401(k) Explained

M Corp 401(k) Profit Sharing Plan

Thursday, June 9, 2022

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What is a 401(k) plan?

A 401(k) is an employer-sponsored retirement plan



Potential tax
advantages



Convenient payroll
deductions



Potential for
compounded growth

Why do you need a 401(k) plan?



*Learn about Social Security Programs, Social Security Administration ssa.gov/planners/retire/r&m6.html (accessed February 10, 2020)

Eligibility

Age & Service Requirements

- 21 years old
- Non-union
- 3 consecutive months of service

Entry Dates (after completing service requirements)

- Immediately

Contributing to the plan

- 1% to 15% on a pre-tax basis
- 1% to 15% on a Roth 401(k) basis
- 2022 IRS pre-tax/Roth 401(k) contribution limit: \$20,500
- Age 50 or above: may be eligible for catch-up contributions (up to \$6,500 in 2022)

*Additional limits may apply

Matching contributions add to your account

Your employer may match part of your contribution

- Discretionary match up to 4% of salary
- Your contributions are 100% vested
- Employer matching contributions are also 100% vested



The power of pre-tax contributions

Postpone taxes while preparing for the future

	Without 401(k)	With 401(k)
Annual salary	\$40,000	\$40,000
Annual pre-tax contribution (6% in this example)	\$0	\$2,400 (\$200 per month)
Net salary after contribution	\$40,000	\$37,600
Estimated federal income taxes	\$3,041	\$2,753
Total contribution	\$0	\$2,400
Current tax savings	\$0	\$288

This example assumes a 6% annual contribution, but you can contribute up to the plan's maximum contribution limit, subject to tax law limitations. The example is for illustrative purposes only and was developed using the Internal Revenue Service's 2022 Tax Rate Schedules. It assumes a filing status of "single," using the standard deduction and one exemption. Your taxes may differ; please see a tax advisor for more information. Taxes are due upon withdrawal from the 401(k) plan. You may also be subject to a 10% additional federal tax if you take a withdrawal from the 401(k) plan prior to age 59½.

Roth 401(k): an alternative tax benefit

- Another contribution option in your plan (can choose pre-tax, Roth or both)
- You pay taxes up-front on contributions
- ***NO federal taxes on earnings due*** if a **qualified distribution** is taken

To take a qualified distribution:*

- At least five years must elapse from the first day of the year of your first Roth 401(k) contribution, and
- You must reach age 59½ (or become disabled or deceased)

*Non-qualified distributions: any earnings are subject to taxes, including a possible 10% additional federal tax under age 59½ unless an exception applies. State income tax laws vary; consult a tax professional to determine how your state treats Roth 401(k) distributions.

A photograph of two young women walking and laughing on a sunny city street. The woman on the left is wearing a black fedora, a green jacket over a white tank top, and black pants, carrying a tan shoulder bag. The woman on the right is wearing a black and white striped t-shirt tied at the waist over a white long-sleeved shirt, blue jeans, and a black crossbody bag. They are walking past a white building with columns and green trees in the background.

You have many
options for investing

Do you want to choose a pre-mixed portfolio?

Consider the **GoalManager® Portfolio Rebalancing Service**

Risk-Based Portfolios

- Diversified, “one-choice” investment election
- Offers a choice of portfolios based on different risk levels
- Rebalanced on a regular basis

Diversification does not ensure a profit or protect against loss.

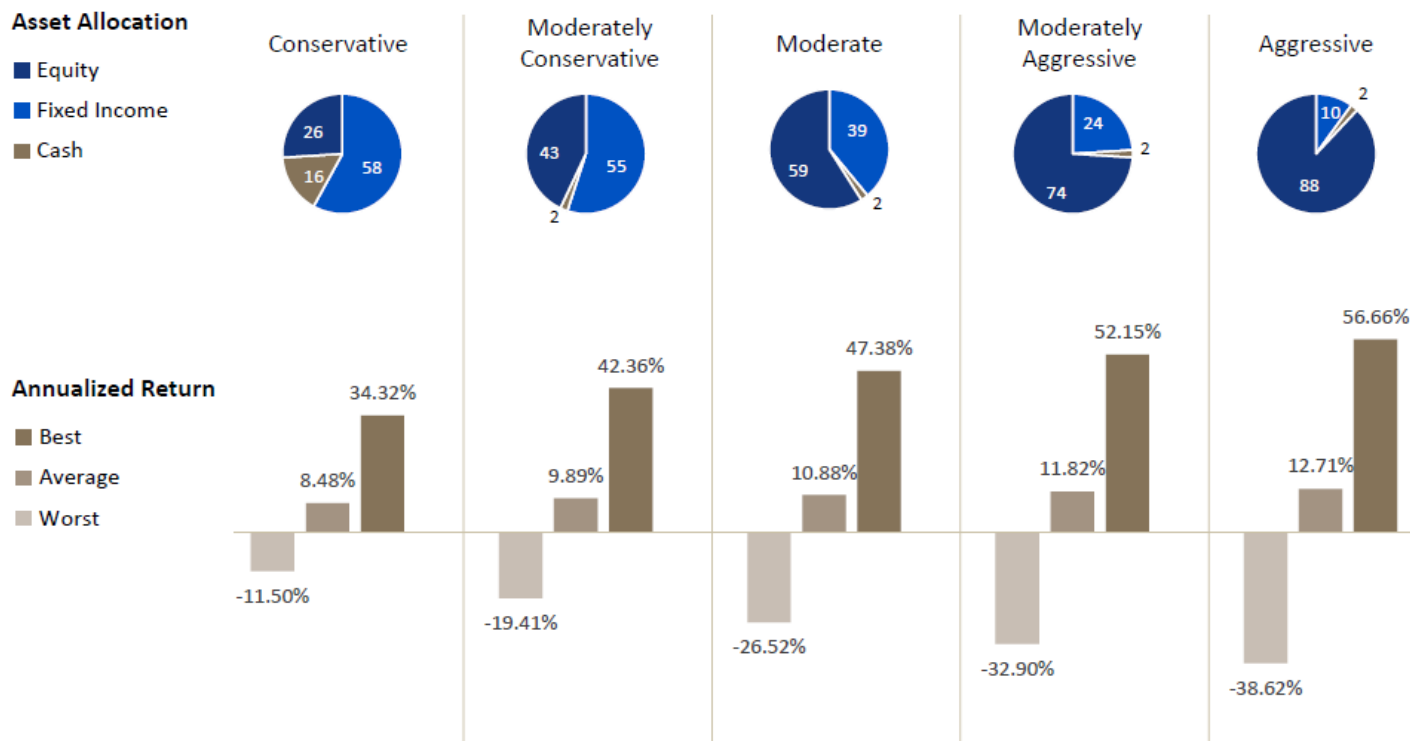


Investment Weighting (%)						
Investment Options	Ticker Symbol	Conservative	Conservative to Moderate	Moderate	Moderate to Aggressive	Aggressive
Money Market/Stable Value						
Federated Hermes Capital Preservation Fund	FCPRT	50	40	26	10	3
Fixed Income						
Pioneer Bond Fund	PBFKX	15	10	7	5	1
Western Asset Core Bond Fund	WAPSX	15	10	7	5	1
Large Cap Equity						
American Funds American Mutual	RMFGX	1	2	3	4	5
Neuberger Berman Large Cap Value	NRLCX	1	2	3	4	5
iShares S&P500 Fund	WFSPX	5	9	11	13	14
AB Large Cap Growth Fund	APGZX	1	2	3	4	5
JP Morgan Large Cap Growth	JLGMX	1	2	3	4	5
Mid Cap Equity						
iShares Russell Mid Cap	BRMKX	3	7	11	14	17
Small Cap Equity						
Columbia Small Cap Index	CSPYX	1	3	5	8	8
International/Emerging Markets Equity						
Goldman Sachs GQG Partners International Opportunities	GSIMX	3	5	8	10	13
American Funds Europacific Growth Fund	RERGX	3	5	8	10	13
New World Fund	RNWGX	1	3	5	9	10

Merrill Strategic Asset Allocations

Hypothetical Returns

Annualized hypothetical returns for a 12-month rolling period, Jan 78 – Dec 21



SUPPLEMENTAL; NOT SPECIFIC TO YOUR ANALYSIS

Source: Bloomberg, Investment Solutions Group Chief Investment Office (ISG CIO). Strategic Asset Allocations as of January 2022 (US-oriented, Tier 0 Liquidity, Low Tax Sensitivity). Calculations are based on monthly index returns over the period January 1978 to Dec 2021, assuming fixed weights. Return values shown are the worst, average and best Annualized Compound Returns over a 12-month rolling period. Indices used: Standard & Poor's 500® Total Return Index for Equity; ICE BofA US Broad Market Bond Index for Fixed Income; ICE BofA US Treasury Bill 3-Month Index for Cash. Results shown are based on indices and are illustrative; they assume reinvestment of income, no transaction costs or taxes, and that the allocation weights remained consistent. Direct investment cannot be made in an index. This is for illustrative purposes only and not indicative of any investment. Asset allocation does not assure a profit or protect against a loss in declining markets. The asset allocations described here may or may not be used within your analysis and your allocation could be significantly different. You can view your asset allocation in the Appendix: Client Profile - Asset Allocation section. Past performance is no guarantee of future results.

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Do you want to make your own investment choices?
Consider your plan's **investment menu**

Investment options

- Stock funds
- Bond funds
- Cash equivalent fund(s)

Be sure to consider:

- Fund objectives
- Fund strategy
- Costs and performance

For more information

Your plan's investment choices are available at
myaccount.ascensus.com/ml

Save for what matters—your way.



Digital tools make it easy.

Get started from your desktop or mobile browser.

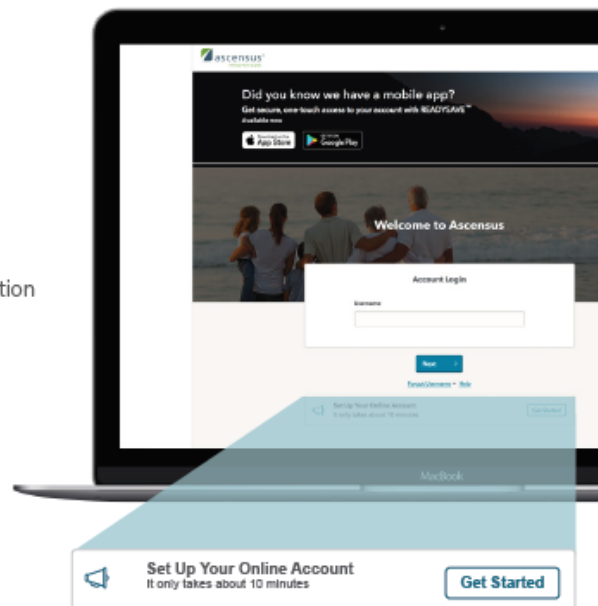
Visit your employee website: myaccount.ascensus.com/ml

Need to register? Click **Get Started** to gain access to your online account:

1. Verify it's you: Enter your Social Security number, date of birth, and zip code.
2. Create your username and password.
3. Confirm your email address, then enter the code sent to your email.
4. Enter your phone number to receive a verification code via text or call for added security.
5. Verify your information to complete your registration.

Once you've registered, log in to:

- Choose your statement delivery preference (default is paperless)
- Enter your beneficiary*
- Opt-in for automatic account rebalancing*



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Employee website

myaccount.ascensus.com/ml

Important information

Investing involves risk, including the possible loss of principal. Investments in foreign securities or sector funds, including technology or real estate stocks, are subject to substantial volatility due to adverse political, economic or other developments and may carry additional risk resulting from lack of industry diversification. Funds that invest in small- or mid-capitalization companies experience a greater degree of market volatility than those of large-capitalization stocks and are riskier investments. Bond funds have the same interest rate, inflation, and credit risks associated with the underlying bonds owned by the fund. Generally, the value of bond funds rises when prevailing interest rates fall and falls when interest rates rise. Investing in lower-grade debt securities (“junk” bonds) may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher-rated categories. There are ongoing fees and expenses associated with investing. Bear in mind that higher return potential is accompanied by higher risk.

Important information

Investors should consider the investment objectives, risks, charges and expenses of investment options carefully before investing. This, and additional information about the investment options, can be found in the prospectuses and, if available, the summary prospectuses, which can be obtained on Benefits OnLine at benefits.ml.com or by calling Merrill at 800 228 4015. Investors should read the prospectuses and, if available, the summary prospectuses carefully before investing.

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