Planning Your Retirement

Funds For Today, Protection For The Future

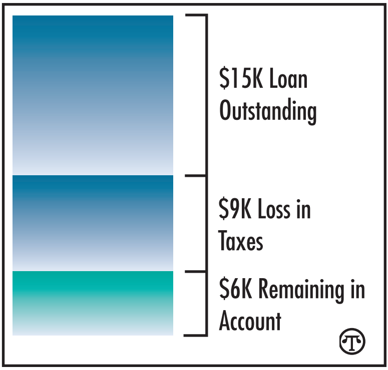
(NAPSA)—Billions of dollars in retirement savings are unnecessarily lost each year.

Here's the situation: The Employee Benefit Research Institute estimates that about 59 percent of Americans aged 56 to 62 are at risk of not having enough money to cover basic living and health care costs in retirement. Since Social Security is not likely to cover all expenses at retirement, many people choose to save using a 401(k) or other defined contribution plans that provide savers control over their retirement assets.

The Problem

In today's tough economy, many families have been hit by a job loss, pay cut or pay freeze. Rising costs on everything from groceries to gas leave many families with nothing to fall back on in the event of a medical emergency or unexpected household expense, such as a roof repair. With such limited resources and banks not lending, more Americans have no alternative but to borrow from retirement savings.

If a borrower cannot repay an outstanding 401(k) loan due to death or disability, however, his or her retirement savings may be at risk. The borrower's loved ones may be left with less than 20 percent of the original balance of the savings plan after state and federal taxes have been paid on the outstanding loan. Unfortunately, approximately $6 billion of retirement assets are unnecessarily lost each year when uninsured 401(k) loans are defaulted on due to death or disability.



Say you borrow $15K from your 401(k) (valued at $30K) to cover an unexpected medical expense. If you die or become disabled before the 401(k) loan is repaid and your family has no other way to repay the loan, after taxes, penalties and fees, your plan is left with a loss of nearly $24K.

A Solution

Retirement plans could prevent this by providing insurance for loans taken from savings plans.

For a reasonable monthly cost, a fully insured loan provides the peace of mind of having the outstanding loan balance protected. In the event of the borrower's death or disability, the insurance would repay the full amount of the outstanding loan. This automatic repayment lets the disabled borrower or a beneficiary direct the rollover of the plan balance to an IRA account, thus avoiding any leakage of retirement savings.

Learn More

To learn more about protecting your savings, visit www.protectmyretirementbenefits.com.