How to Maximize Your Retirement Savings

Investing in Your Retirement

MetLife®

As you approach retirement, there are a number of steps you can take to wring the most out of your retirement savings and put yourself in a position to live the retirement you desire. Some of the strategies are at your fingertips while others require a bit more planning. Combine the ideas that work for you to help you meet your objectives. Along the way, your MetLife representative is available to help you get organized, help you make more informed decisions for you and your family and help you create income that you cannot outlive to replace your paycheck.

Boost Your Retirement Plan Savings

Employer Matching Contributions.
When your employer matches a portion of your contributions to your 401(k) plan, make sure you contribute enough money into your 401(k) plan to capture 100% of your employer's match.

- A Nice Bonus. For example, some employers match 50% of employees' contributions to their 401(k) plans up to a certain percentage of their base salaries. Using round numbers, suppose your salary is $100,000, you contribute 4% or $4,000 to your 401(k) plan and your employer matches 50% of your contributions up to 4% of your base salary; then your employer would contribute an additional $2,000 (50% or half of $4,000) into your 401(k) account. This extra money could significantly increase your retirement savings.

- Make Your Elections. If you are not already taking advantage of this opportunity, you may be able to change your contribution election during the year. Contact your employee benefits counselor and human resources representative.

- Lock in Your Whole Match. Find out how your employer awards the 401(k) matching contribution. Often, employers prorate the match evenly throughout the year. If you reach your 401(k) maximum contribution before December, you are likely to lose a portion of the match. You can avoid this by spreading your contributions throughout the year and reducing the percentage of your salary that you contribute to your 401(k) plan in each pay period. Your MetLife representative can assist you with this calculation and help you capture this valuable opportunity.

- Spouse & Partner Matches. If your spouse or partner also works, you may want to make sure that you both contribute enough money into your respective 401(k) plans to take advantage of both employers' matching contributions. In addition, when the younger spouse or partner contributes to his or her 401(k) plan, the money has more time to grow tax-deferred before required minimum distributions begin at age 70½. Your MetLife representative can help you take advantage of these opportunities and help you organize your cash flow.

Catch-Up Contributions.
Beginning with the tax year in which you turn 50 years old, the IRS allows you to make extra or "Catch-up" contributions to your 401(k) plan. You may be able to contribute as much as $5,000 more per year to your 401(k) plan or $1,000 more to your Individual Retirement Account or IRA. This gives you another opportunity to beef up your retirement savings. Your MetLife representative can help you take advantage of these opportunities and help you organize your cash flow.

Other Employer-Sponsored Tax-Deferred Savings Plans.
Some companies sponsor other savings plans and programs in which you can defer part of your salary or bonus. You contribute money on a pre-tax basis to the plan and your contributions grow tax-deferred. Contact

your employee benefits counselor or human resources representative and review your employee benefits manual to determine whether your employer offers any of these programs and whether you are eligible to participate. These plans can help you increase your retirement savings. Your MetLife representative can help you evaluate these opportunities.

Smart Money Management Tips and Ideas

Maximize Your Retirement Income.

Once you determine the way to provide your retirement income, you can increase the likelihood you'll realize the retirement you desire. For example, you may want to develop a distribution strategy regarding how you will withdraw money from your tax-deferred and taxable accounts. You may also want to consider an income annuity to help replace part or all of your paycheck and create guaranteed income that you cannot outlive to help you cover your known retirement expenses. There are a number of factors to consider and your MetLife Representative can assist you in making these decisions.

Social Security Benefits.

At some point, you'll have to decide when you want to begin receiving Social Security benefits—generally you first become eligible when you reach age 62. Your Social Security benefits are set based on a number of factors including what's called your "Full Retirement Age" or "FRA." Depending on when you begin receiving Social Security benefits in relation to your FRA, your Social Security benefits may be permanently increased or reduced. Social Security is a lifetime payment stream provided by the federal government that is similar to an income annuity. You might want to consider deferring when you begin receiving Social Security benefits and buying an income annuity issued by an insurer to help replace part or all of your paycheck. Or, consider taking your Social Security benefits early and buying a deferred annuity that you can use once you reach your FRA, to provide additional guaranteed income that you cannot outlive. There are a number of factors to consider and your MetLife Representative can help you select when to begin receiving Social Security benefits. Learn more about your Social Security benefits at retirement.metlife.com.

Asset Allocation.

Asset allocation is the mix of investments you select within your retirement savings portfolio.* For example, you might decide to invest a certain percentage of your money in cash, stocks and fixed income investments. The percentages are your asset allocation, or how you divvy up your money across different investment types or asset classes. Review your asset allocation to make sure your retirement savings portfolio is designed to help you achieve your retirement goals and matches your current risk tolerance, investment objectives and time horizon. We'll show you some ways to help you manage and potentially grow your retirement plan savings by getting the most out of your 401(k)s and IRAs. And a MetLife Bank IRA Money Market Deposit** can provide a safe place to park your money while you develop your retirement savings strategy. Your MetLife Representative can help you with these decisions.

Income Taxes.

Once you retire, your income tax position may change. If your income declines, deductions that were phased out or disallowed before may become deductible now. Depending on the components of your income in retirement, you may become subject to Alternative Minimum Tax or "AMT." Be sure to review your income tax position. In addition, once you retire you may have to make quarterly estimated tax payments.

Consolidate Your Retirement Accounts into One or Two Accounts.

If you are like many people today, you may have worked with different companies during your career and may have participated in a number of retirement plans. If you have not consolidated your retirement savings into just one or two accounts, now may be an ideal time to do so.

- Cut Your Account Fees and Expenses. By aggregating your assets under one roof in a "Rollover IRA," you may be able to reduce your account fees and expenses. And you can get a better handle on your retirement resources and simplify recordkeeping. It is also worthwhile to compare your employer's 401(k) plan fees and expenses to other plans' costs because one plan may offer cost advantages.

- Meeting Required Retirement Plan Withdrawals. Once you reach age 70½ , you are required to take minimum distributions from your traditional IRAs and qualified retirement plans, for example 401(k)s—these are called "Required Minimum Distributions" or "RMDs." You must calculate the Required Minimum Distribution amount for each tax-deferred vehicle that you have. There is a minimum amount that must be withdrawn each year and if you fail to withdraw that minimum you face a 50% penalty on monies that were required to be withdrawn but were not. When you maintain fewer accounts, you will have to make fewer calculations to meet the required minimum distribution. And this is likely to help you avoid the penalty. Learn more about your Required Minimum Distributions at metlife.retirement.com.

- **Tax-Free Rollovers**. When you consolidate retirement accounts or transfer funds from a traditional IRA or retirement plan to another IRA or rollover IRA, it is important to consider transferring the funds from one tax-deferred account directly into another tax-deferred account. In other words, don't receive any money yourself. This task is handled mainly through a "Rollover IRA." By making a direct transfer you can avoid the 20% withholding tax on withdrawals. A MetLife Bank IRA Money Market Deposit can provide a safe place to park your money while you develop your retirement savings strategy. Your MetLife Representative can assist you with this task and help you get organized.

Protect Your Assets.
We all face risks, and as you transition into retirement it is more important than ever to protect your savings from catastrophic risks, especially since it will be very difficult to replace your hard-earned savings once you retire. It is still important to carry homeowners/renters insurance if you own or rent a home/condo; automobile insurance if you own/lease a car; and personal excess liability "umbrella" insurance. You may also want to protect your assets from unpredictable health expenses. Consider long-term care insurance which is designed to help protect your assets in the event you sustain a major accident or illness and require extended care. Your MetLife and MetLife Auto & Home® Representatives can help you evaluate different ways to protect your assets.

Healthcare and Medical Benefits

Schedule Elective Medical Treatments Now.
Depending on your employee medical and dental coverage, you may be eligible to receive benefits for certain elective treatments. Meet with your doctors and other healthcare practitioners to discuss which treatments you might need or which you might want to get now. Consider elective medical treatments now, if you and your medical advisors feel the treatment is necessary, to the extent your medical and dental insurance covers the treatment while you're still covered under your employer's healthcare plans.

Contribute to Flexible Spending Accounts.
Consider participating in your employer's Flexible Spending Account or "FSA" to cover unreimbursed medical costs before you retire. These accounts allow you to contribute money into an account on a pre-tax basis and distributions from the FSA for reimbursement of eligible medical expenses are not subject to income taxation. In effect, you reduce your taxable income by the amount of money you contribute to your Flexible Spending Account and you receive reimbursement from your account for the entire amount of your eligible healthcare expenses up to the amount of your contribution. You may be able to increase your contributions to cover the portion of elective treatments that are not covered by your medical insurance. Remember though that if you don't incur eligible expenses within the calendar year and don't submit your receipts and claim forms by June 30th of the next year, you forfeit your unused contributions. Different companies set different limits on annual contributions within the IRS guidelines. Contact your employee benefits counselor or human resources representative and review your employee benefits manual to learn more about this program.

Health Savings Account or HSA.
This account is designed to let you save money specifically to cover healthcare costs. You contribute money in pre-tax dollars, if your employer sponsors an HSA. If the HSA is provided by a different entity, you can contribute money on an after-tax basis and receive a tax deduction for the money you contribute. In either case, distributions from the HSA for reimbursement of eligible medical expenses are not subject to income taxation. Unlike Flexible Spending Accounts (FSAs) where you forfeit unused contributions, with an HSA you can roll over funds that you don't use in one year to help pay for expenses next year. To benefit from an HSA, you cannot have "first dollar" coverage and you have to participate in a health insurance plan that is considered to be a "high deductible health plan." In 2007, a high-deductible health plan must have a minimum deductible of $1,100 for an individual and $2,200 for a family. Contact your employee benefits counselor or human resources representative and review your employee benefits manual to explore an HSA.

Employee Benefits.
Depending on your employer and sometimes your years of service with the company, you may be able to continue some of your employee benefits when you retire. Typically, your company's group rates will be lower than the rates (premiums) you can obtain on your own and the coverage offered by your employer may be more comprehensive. Meet with your employee benefits counselor or human resources representatives and study your employee benefits manual to determine if you can continue any employee benefits after you retire. You may want to consider a phased retirement where you work part-time or telecommute so you can reduce or change your work schedule and yet maintain your benefits and/or extend your years of service.

Optimize Your Retirement Package and Benefits.
Many companies use formulas to determine employee retirement benefits. Typically, these formulas are a

combination of your years of service and your age, so typically if you work longer, your years of service and age will increase and your employee benefits will increase. Find out whether your company uses such a formula to calculate any of your benefits. Analyze if and how much your benefits will increase if you work longer. MetLife has experience in both employee and individual benefits and how they work together. Your MetLife Representative can help you evaluate your benefits and help you eliminate gaps and wasteful overlaps in coverage.

How to Create Extra Cash

When to Retire. Decide when you want to retire. By working longer and earning more money for even a few years, you may be able to defer when you begin using your retirement savings and you may be able to permanently increase your Social Security benefits. You may even be able to contribute more money into your retirement savings plans. By postponing when you begin making withdrawals from your retirement plans, you may be able to increase your retirement savings. Your MetLife Representative can help you with these decisions.

Save Your Sick Days and Vacation Days for Your Retirement.

Some companies "bank" or accumulate your sick and vacation days and you may be able to get paid for them. In addition to receiving paid time off, if you postpone your retirement date and take time off you may be able to extend the amount of time in which you are covered by your employee benefits. Some companies pay their retiring employees for their unused sick and vacation days.

Phased Retirement.

Your employer may offer you the opportunity to change your work schedule to achieve more of a work–life balance and gradually transition into retirement. You may be able to reduce your hours, telecommute or begin a compressed work week where you work a full week in only three or four days. In addition, you may be able to maintain your employee benefits and postpone when you begin making withdrawals from your retirement plans. By continuing to earn a salary, you may be able to postpone when you begin receiving Social Security benefits and this could help you permanently increase your Social Security benefits. Your MetLife Representative can help you evaluate your cash flow, help you analyze when to begin receiving Social Security benefits and when to retire and help you make decisions regarding withdrawing money from your retirement plans.

Part-Time Work During Retirement.

Some people decide to work during their retirement years, sometimes to earn extra money and other times to keep busy or to pursue a hobby. If you plan to work part-time during your retirement, consider lining up the position while you are still employed by your primary employer. It can be easier to land a new position when you are working. Also, to the extent you receive Social Security benefits before you reach your "Full Retirement Age," your Social Security benefits may be reduced.

Cut Extra Expenses.

Review your expenses and begin reducing unnecessary and extra expenses before you retire. Perhaps you no longer need that second or third car. Consider holding that garage sale to generate some extra cash or donating unwanted items to charity and benefit from a tax deduction. Use the cash to retire debt or save more money for retirement.

MetLife has experience in both employee and individual benefits and how they all work together. Your MetLife Representative is just a telephone call away to assist you in making more informed decisions for your retirement, making smoother transitions, staying on track, getting organized and helping you live the retirement you desire.

*While diversification through an asset allocation strategy is a useful technique that can help to manage overall portfolio risk and volatility, there is no certainty or assurance that a diversified portfolio will enhance overall return or outperform one that is not diversified.

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