FRANKLIN TEMPLETON SIMPLE IRA

Roadmap to Retirement

You've been offered an opportunity to participate in a Franklin Templeton SIMPLE IRA (Savings Incentive Match Plan for Employees) retirement plan sponsored by your employer. Participating in this plan may be the wisest route to help you save for a secure financial future. That's because a SIMPLE IRA brings together many powerful features that make it one of the best ways to save for retirement, including:

- Tax advantages that can help enhance your investments to help you prepare for retirement
- Employer contributions that add to your own contributions
- A wide range of investment choices including target funds, asset allocation funds as well as stock and fixed income funds
- Conveniences that help you manage your money, like automatic payroll deduction, the flexibility to change your investment choices and contribution amounts, and online access to your account

"When I interviewed for this job, I was happy to find out that employees were offered a retirement savings plan benefit. I feel good knowing that I have a plan in place to help me take control of my future financial security."

START SAVING NOW

And Put Time on Your Side

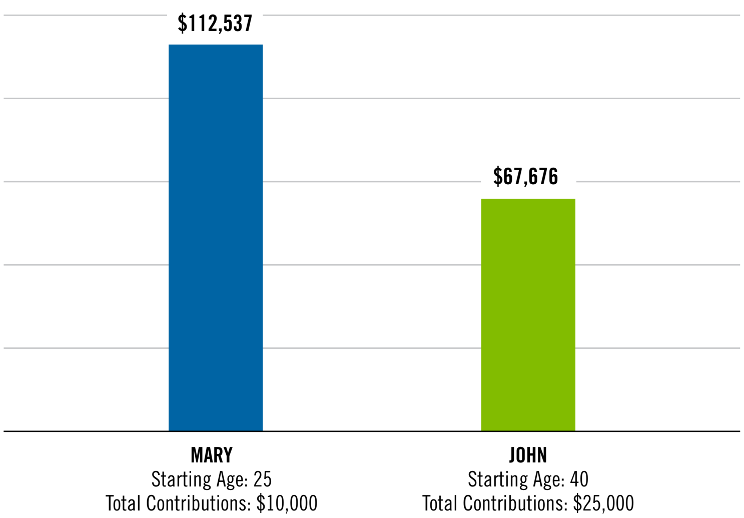
Saving for retirement is a long-term goal that takes years to accomplish. Start small if you have to, but start immediately. A small amount invested today has the potential to outgrow a large amount invested just a few years from now. Generally, the earlier you begin investing, the smaller the amount you'll need to invest to reach your goals.

The Value of Starting Early

Mary began investing $1,000 each year beginning at age 25 and stopped after contributing $10,000 over 10 years. John began investing $1,000 for retirement at age 40 and continued to invest $1,000 every year for the next 25 years for a total investment of $25,000. Although Mary has contributed half as much as John, and both earned a 7% fixed annual rate of return, at age 65 her account was worth 66% more than his.

Starting Early Can Make a Big Difference[1]

Value of Account at Age 65



The Facts about Retirement

FACT: You're planning for a long retirement.

You could spend up to one-third of your life in retirement. In 1950, life expectancy was 76 years; today it's 85 years.[2] Proper financial planning can help ensure your assets last a lifetime.

FACT: You'll need to replace more of your income.

A general rule of thumb assumes that retirees will need 70% to 80% of their current income during retirement. Social Security provides today's retirees with an estimated 7% of their total retirement income and is expected to provide proportionately less of the total in the future.[3] To help meet income needs, a workplace retirement plan can provide an added source of income.

1. This example is for illustrative purposes only and does not represent the performance of any Franklin Templeton fund. The table assumes a 7% fixed annual rate of return compounded monthly and no fluctuation in principal. Investment return and principal value of an investment in a Franklin Templeton fund will fluctuate with market conditions and you may have a gain or loss when you sell your shares. Contributions are made on birthdates.
2. Source: Social Security Administration, 2017 OASDI Trustees Report, Cohort Life Expectancy, Intermediate Projections, 1940–2090.
3. Source: U.S. Census Bureau, *Current Population Survey, 2017 Annual Social and Economic Supplement.*

TAKE A CLOSER LOOK

To begin participating in the SIMPLE IRA plan, you'll be asked to specify the percentage of your pay you would like to contribute to the plan and choose how you would like to invest the contributions. The amount will be automatically deducted from each paycheck and invested in your account according to your instructions.

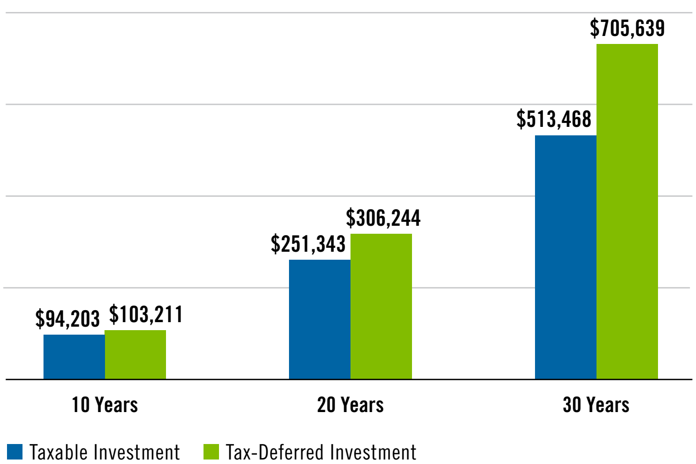
But convenience isn't the only benefit a Franklin Templeton SIMPLE IRA has to offer.

Benefit from Tax-Deferred Compounding

One of the most compelling features of a SIMPLE IRA is that you don't pay taxes on your investment earnings until you withdraw them from your account.[4] Your earnings, if any, compound tax deferred year after year. By comparison, if you had invested in a taxable account, you would have to pay income tax on your earnings every year. The chart below shows how investing in a tax-deferred account can provide the momentum to help you reach your goals.

Tax-Deferred Investment vs. Taxable Investment[5]

This example assumes you make a monthly contribution of $600, earning a 7% fixed annual rate of return. Savings accumulated in your tax-deferred investments are taxable as ordinary income at the time of withdrawal. The following example does not reflect taxes that may be due at the time of withdrawal.



"At first, I didn't really understand why I should participate in the SIMPLE IRA at work. After all, retirement is a long way off, and I have bills to pay now. But, after learning that my employer also makes contributions to my account, I realized it made sense to take advantage of it."

How much do you need to save for retirement? Use the Retirement Savings Calculator at **franklintempleton.com** to find out.

This chart is for illustrative purposes only and does not represent past or future performance of a Franklin Templeton fund. Investment return and principal value of an investment in a Franklin Templeton fund will fluctuate with market conditions. An investment in a Franklin Templeton fund does not guarantee that you will have sufficient funds to meet retirement needs. Investors should consider their current and anticipated investment horizon and income tax bracket when making an investment decision, as the hypothetical investment does not reflect these factors.

4. Withdrawals received prior to age 59½ may be subject to a 10% federal withdrawal penalty. The penalty is 25% instead of 10% if taken within the first two years of plan participation.

5. Example assumes contributions were made at the beginning of each month, principal and income do not vary, the investor is subject to a 25% federal income tax rate on ordinary income and the investor's investment earnings are taxable as ordinary income at the end of each year. Because a maximum 15% federal capital gains tax rate may apply to income on certain investments, the actual federal tax applicable to a portion of the investments in an investor's taxable portfolio may be different from the federal tax rate that would be applicable to that investor's ordinary income.

Save on Taxes Right Away

Contributions to your SIMPLE IRA account are deducted from your salary before the money is taxed. This reduces your current taxable income, so you'll pay lower taxes while investing for retirement.

See the Difference in the Taxes You Pay[6]

	Contributing to the Plan	Not Contributing to the Plan
Annual salary	$30,000	$30,000
Tax-deferred contribution to the plan (5%)	$1,500	$0
Gross income after tax-deferred contributions	$28,500	$30,000
Taxable income	$16,500	$18,000
Estimated annual taxes owed	$1,790	$1,970
Annual tax savings if you participate:	**$180**	

Contribute as Much as You Can

The table below shows the maximum annual contribution you can make to your SIMPLE IRA account. You can change the amount of your contribution any time.

Take Advantage of Every Opportunity to Save for Retirement

Tax year	Deferral Limit	Age 50 + Catch-up
2017	$12,500	$3,000
2018	$12,500	$3,000

Your Employer Contributes Too

To help give your savings a boost, your employer also makes contributions to the plan on your behalf. The amount depends on provisions of the plan. You are immediately 100% vested in these contributions.

WHAT DOES IT MEAN?

Vesting: A process by which employees gain non-forfeitable ownership of employer contributions that are made to their retirement plan account.

The Facts about Retirement

FACT: Inflation shrinks your buying power.

By the time you retire, you'll probably be living in a more expensive world. Consider that over the past 20 years, the average annual rate of inflation has been 2.14%.[7] At that rate, in 20 years, a $50,000 income earned today will need to grow to $76,418 just to maintain the same level of buying power. To keep up, consider increasing the amount you invest for retirement each year.

FACT: Health care costs are increasing rapidly.

Medical and health expenses have increased more than the general rate of inflation and show no signs of slowing. In fact, they're expected to grow at an average annual rate of 5.8% through 2025.[8]

6. Based on a single person with an annual salary of $30,000 and no dependents. Taxes are based on the 2018 federal income tax rates (a 12% marginal tax rate) and include standard deductions of $12,000. Estimates do not include effects of other state or local taxes. This material is being provided for educational and informational purposes only and is not intended to provide tax advice. You should consult with your personal tax advisor for advice on these consequences before making any decisions.

7. Source: © 2018 Morningstar, 20-year period ended December 31, 2017. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

8. Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Expenditure Projections 2017–2025.