

## #4

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Tuesday, February 04, 2020 8:49:55 PM  
**Last Modified:** Tuesday, February 04, 2020 9:28:03 PM  
**Time Spent:** 00:38:08  
**IP Address:** 173.3.84.197

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Page 1: Application Deadline: February 14, 2020

**Q7** If you were to advise co-workers about why they should contribute to (and/or maximize) their 401(k)s, what would you say? This is your chance to tell your story about why you "love" your 401(k). If your 401(k) plan has a match, be sure to explain how the match affects your participation, if at all. The judges will use the following criteria to evaluate your response: (1) persuasiveness of explaining the importance of employee participation in 401(k)s; (2) conveying your own appreciation of the value of your 401(k) as a retirement goal; and (3) clarity and demonstration of overall knowledge of 401(k) plans as a retirement tool.

What are your goals in life? Are they to travel, to start your own business, have peace of mind in retirement, or something else? Whatever they are, you need a plan how to achieve them. The Super Bowl winners do not wake up the next morning and wonder how they won. They devised a plan and stuck with it. Your 401(k) is your plan to help you achieve your goals.

When you save or invest, you don't save or invest just for the sake of investing, you do it So That. You invest So That your children can go to college debt free. You save, So That when the water heater breaks, you don't rack up a huge debt on a credit card. Likewise, you contribute to a 401(k) So That when you retire, you can buy that car, go on that vacation, and live life how you choose.

That said, you should always be contributing to your 401(k) no matter your financial situation. What might look like a small contribution now will snowball into many times that in the future thanks to compound interest.

Say, you get a job out of college at age 22 making \$40,000/year, you contribute only 10% of your income every year and you never get a raise for the rest of your life. You work that job until you want to retire in 40 years at 62. Every year you will contribute \$4,000 towards your future goals. So, by the time you retire, you will have contributed \$160,000, not bad. Now, if you were afraid of losing your money so you just put it in a savings account this would be all you have in retirement.

However, if you had put this money in your 401(k) and invested it you would be a millionaire! Let's work that out. Since 1928, on average, the "market" has averaged a 7.65% annual rate of return. This includes the Great Depression and the Great Recession. This is where the power of compound interest comes in. Compound interest is the interest you get on top of other interest you have been paid. Say you invested \$100, the next year it would be \$107.65 and the next year after that it grows another 7.65% for a total of \$115.89. This cycle repeats itself year after year after year. So, the \$4,000 you contribute every year after 40 years would grow into \$1,052,088! Congratulations, you are now a millionaire!

Now most companies will match up to a certain percentage of you pay. Say in this case, the company you work for matches the first 3%. So, the first 3% you contribute earns a 100% rate of return because the company puts the same amount into your 401(k). This is FREE money! Who doesn't like free money? If this 3% gets added to the amount we contribute above, that's an additional \$1,200 a year for a total of \$5,200. Investing the company match plus, your original contribution in your 401(k) would grow into \$1,367,719 after 40 years! Congratulations, you are now a millionaire!

No matter your income or financial situation, by contributing to your 401(k) early and consistently, you can achieve your financial goals So That you can live the life you want to live.

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**Q8** If you were to be named as a 401(k) Champion, what would you be willing to do to inspire non-participants to participate in the 401(k)? Please be as specific and detailed as possible. The judges will use the following criteria to evaluate your response: (1) willingness to inspire others to participate in their 401(k) plans; (2) creativity and innovation in the methods you would use; and (3) clarity of expression, eloquence, mechanics of word choice, grammar and spelling.

I would be willing to write blog posts on financial websites, create YouTube videos, and give talks at local clubs and businesses. I would partner with local financial advisers as a 401(k) "spokesman" to talk at networking events so that potential clients would hear why they should contribute and tie that in to the financial adviser who can assist them with any further questions they may have. I would also be willing to speak to companies who currently don't offer a 401(k) for their employees, see why they don't, and show them why a 401(k) is an important benefit to offer their team.

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**Q9** How did you first learn about 401(k)s?

I first learned about 401(k)s from reading financial blogs in college.

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