Baptist Health

403(b) and 401(k) Retirement Plans

BAPTIST HEALTH

VALIC®

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403(b) and 401(k) Retirement Plans

The Baptist Health 403(b) and 401(k) Retirement Plans offer an excellent opportunity to help accumulate money for a secure retirement. By contributing pretax dollars automatically through convenient payroll reduction, you benefit from the opportunity for tax-advantaged growth and may potentially lower your current taxable income.

This is not your plan document or your Summary Plan Description. The administration of each plan is governed by the actual plan document. If discrepancies arise between this insert and the plan document, the plan document will govern.

Your retirement deserves its full **potential**

The simple truth is most people haven't invested the time or money to build a secure financial future.

Recent studies show that:

- **19%** of workers say they are not at all confident about having enough money for a comfortable retirement*
- **26%** of workers have less than $1,000 in savings, and **54%** say their savings and investments total less than $25,000*
- Fewer than half of workers (**43%**) are very confident about having enough money to pay basic living expenses in retirement*

The good news is that wherever you may be in your working career, there are several sources to access for retirement income, including:

- Retirement savings plan
- Social Security
- Savings/investments
- IRAs

Some of these sources offer a built-in safety net for a small portion of the population. For everyone else, options need to be weighed and decisions made.

* Source: Ruth Helman, Craig Copeland, and Jack VanDerhei, "The 2016 Retirement Confidence Survey: Worker Confidence Stable, Retiree Confidence Continues to Increase." EBRI Issue Brief, no. 422, March 2016.

RETIREMENT
SAVINGS CALCULATOR
click here

About mutual funds

Investing in a mutual fund is not like buying securities, such as stocks and bonds. Instead, a mutual fund investor buys shares of a fund. The fund pools investor money and then purchases securities that are mutually owned by all the investors. Each mutual fund pursues a specific financial objective, such as long-term growth or current income.

The objective is defined in the fund's prospectus. Benefits of mutual fund investing include:

- **Broadly diversified investment options.** Since mutual funds are composed of a diversified mix of securities, investing in more than one mutual fund with different investment objectives provides even broader diversification. Of course, diversification doesn't guarantee a profit or protect against market loss.
- **Professional money management.** Mutual funds are directed by skilled portfolio managers who decide which securities to buy and sell to keep the fund in line with its stated objective.

Select the investment options for your retirement plan

You decide how to invest your contributions among the investment options offered under the Baptist Health 403(b) and 401(k) Retirement Plans. You can change investment choices at any time.

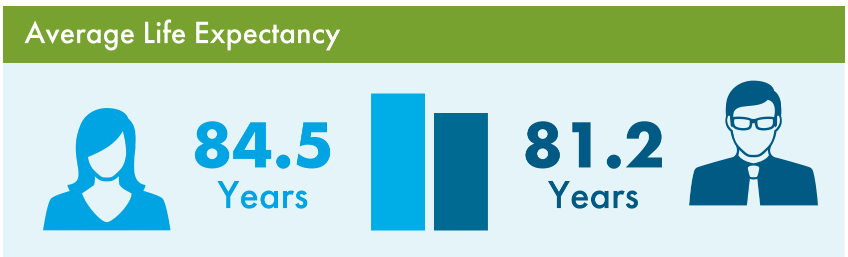
Remember, your retirement plan represents a long-term investment. Investment values will fluctuate and there is no assurance that the objective of any fund will be achieved. Mutual fund shares are redeemable at the then-current net asset value, which may be more or less than their original cost. Bear in mind, investing involves risk, including possible loss of principal.

EXPLORE
MUTUAL FUNDS
click here

5 Reasons to **save** more

1 We're living longer

Life expectancy has increased dramatically and continues to rise. You could spend 20 years or more enjoying retirement.



Source: National Center for Health Statistics from birth, 2014.

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2 Retirement lifestyles are changing

People today are reinventing retirement and staying active longer. That takes more money. For example, generally, a worker will need **11 times their final pay** at age 65 to maintain the same standard of living with an average life expectancy.

Source: Aon Consulting, The Real Deal 2015 Retirement Adequacy at Large Companies.

3 Inflation isn't going away

Inflation diminishes the real annual rate of return on your investment. It also reduces your purchasing power over time. Either way, inflation erodes the value of your money. That means you need a retirement plan that factors inflation into its calculations.

Inflation has averaged around 3% annually for the past 20 years, which may not sound like much, but it can take a big bite. For example, in 40 years you'll need $130,482 to equal $40,000 today.

Today	In 20 years	In 40 years
$40,000	$72,244	$130,482

Source: InflationData.com, "Average Annual Inflation Data by Decade, 2015."

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4 Social Security outlook

Social Security was never designed to do more than supplement retirement income.

Estimated average annual benefit payable to retired worker in 2017*	$16,320
Estimated average annual benefit payable to couple in 2017*	$27,120
Maximum annual benefit for a worker at full retirement in 2017*	$32,244

*After 0.3% COLA

Social Security is also under increasing stress as baby boomers retire and fewer workers remain to support the system. With less money coming in and more retirees collecting benefits, current projections indicate a potential reduction in future benefits.

Fact Sheet: 2017 Social Security Changes. Average amounts can change monthly. Source: socialsecurity.gov, January 2017.

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5 Rising healthcare expenses

As we age, more of our money is likely to be needed for healthcare and related medical expenses. And according to many studies, the rate of inflation for healthcare is likely to continue for years to come.

Source: Willis Towers Watson 2016 Emerging Trends in Health Care Survey.

Time is your **ally**

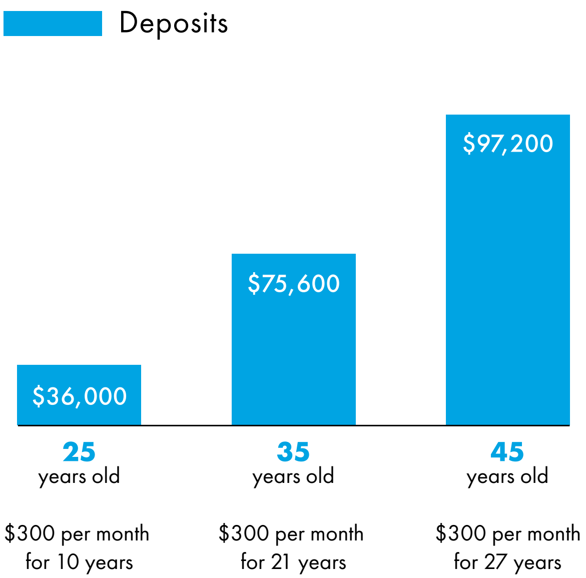
Every day you delay saving for retirement means less time to benefit from compound interest. The only way to make up for lost time is to save more in the years remaining until retirement.

Consider a hypothetical 25-year-old investor who saved $300 a month through pretax salary reduction contributions to a tax-qualified retirement plan. She saved for 10 years, then left the money invested. Assuming a 5% annual rate of return on investment, our young investor would have accumulated more than $200,000 by the time she was 65. And her out-of-pocket cash outlay was just $36,000! Remember, investing involves risk, including possible loss of principal.

However, a 35-year-old investor in the same plan would have to save at the same rate for 21 years to accumulate $200,000 by age 65, and would have to contribute about $75,600 out of pocket. A 45-year-old contributing the same amount would have to save for 27 years to reach $200,000. His out-of-pocket cash outlay? $97,200. And he wouldn't reach his goal until age 72! (See chart.)

DON'T DELAY
YOUR SAVINGS
click here

Your out-of-pocket cost to accumulate $200,000



NOTE: $300 in pretax contributions would equal about $400 out of pocket if paid with after-tax dollars in the 25% tax bracket.

This chart compares the total out-of-pocket costs required to fund the retirement goals of three tax-qualified plan investors who began contributing $300 a month at different ages. The example assumes a 5% annual rate of return. Tax-qualified plan accumulations are taxed as ordinary income when withdrawn. Federal restrictions and a 10% federal early withdrawal tax penalty can apply to early withdrawals. This chart is hypothetical and should only be viewed as an example. It does not reflect the return of any specific investment and is not a guarantee of future income. Remember, investing involves risk, including the possible loss of principal.

Why enroll?

Reduce current taxes while you save for retirement

Participating in a tax-deferred retirement plan is an easy way to set aside money for the future. You contribute to the plan through a convenient payroll reduction program — before withholding tax is calculated. This reduces taxable income while you save for retirement.

Taxes on all interest and earnings from your account are deferred until withdrawal, usually at retirement. Remember that income taxes are payable upon withdrawal, and federal restrictions and tax penalties may apply to early withdrawals, depending on your plan provisions.

Control your investments

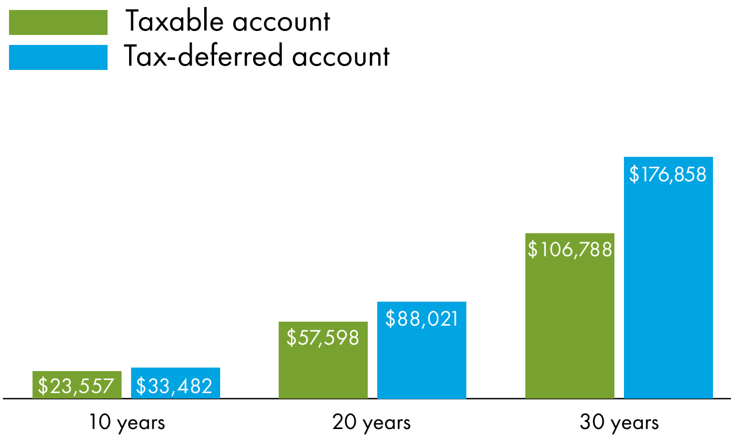
You decide how to invest all contributions from among the available investment options.

The Baptist Health 403(b) and 401(k) Retirement Plans offer access to investment options that cover a broad spectrum of asset categories and classes. This gives flexibility to create a diversified investment mix to suit your individual needs and goals. Keep in mind that investments in variable annuities and mutual funds fluctuate in value, so they could, when redeemed, be worth more or less than the original cost.

RETIREMENT CONTRIBUTION EFFECTS ON YOUR PAYCHECK

click here

The advantages of a tax-deferred plan



Lower maximum capital gains rates may apply to certain investments in a taxable account (subject to IRS limitations, capital losses may also be deducted against capital gains), which would reduce the differences between the performance in the accounts shown in the chart. You should consider your personal investment horizon and current and anticipated income tax brackets when making investment decisions as they may further impact the results of the comparison.

This chart compares the hypothetical results of contributing $100 every two weeks to (1) a taxable account and (2) a tax-qualified retirement account. Bear in mind that a $100 pretax contribution to a tax-qualified account has a current cost of $75 (assuming a 25% income tax bracket) and also reduces current taxable income.

The chart assumes a 5% annual rate of return. Remember investing involves risk, including possible loss of principal. Fees and charges, if applicable, are not reflected in this example and would reduce the amount shown. Income taxes on tax-deferred accounts are payable upon withdrawal. Federal restrictions and a 10% federal early withdrawal tax penalty may apply to withdrawals prior to age 59½.This information is hypothetical and only an example. It does not reflect the return of any investment and is not a guarantee of future income.

Enrolling is **easy**

Online

- **Visit** VALIC.com/baptisthealthjacksonville
- **Click** "Not enrolled? Get started."
- **Follow** the prompts to enroll

Face to face

- **Schedule** an appointment with your VALIC financial advisor, who will walk through the enrollment process with you

For additional enrollment assistance:

- **1-888-569-7055**
  VALIC Enrollment Center

Investors should carefully consider the investment objectives, risks, fees, charges and expenses before investing. This and other important information is contained in the prospectus, which can be obtained from your financial professional or at www.valic.com/baptisthealthjacksonville. You can also request a copy by calling 1-800-428-2542. Read the prospectuses carefully before investing.

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