



Both Employees Make
\$1,200 **Gross Pay**
Biweekly

	Employee A Defers 0%	Employee B Defers 10% Pre-tax
401(k) Savings	\$0.00	\$120.00
Taxes Paid	\$174.32	\$151.50
Net Pay'	\$933.88	\$836.70

Difference Between the Two Employees in Savings in a Year



	Employee A Defers 0%	Employee B Defers 10% Pre-tax
401(k) Savings	\$0.00	\$3,307.20 <small>(estimated 6% gain in 12 months)</small>
Taxes Paid	\$4,532.32	\$3,939.00
Net Pay'	\$24,280.88	\$21,754.20

TAKEAWAYS

- 1 **Employee B will have \$780.52 more** by adding to her 401(k) pre-tax every paycheck.
- 2 \$1.00 contributed pre-tax does not equal a whole \$1.00 lost in take-home pay, but **it does equal a whole \$1.00 invested towards your retirement.**
- 3 **Saving any amount of money into 401(k) is beneficial.**



In 12 months, Employee A:

- Saved \$0.00 for retirement
- Deferred \$0.00 in taxes
- Received \$24,280.88 in take-home pay

TOTAL • \$24,280.88



In 12 months, Employee B:

- Saved \$3,307.20 for retirement
- Deferred \$593.32 in taxes
- Received \$21,754.20 in take-home pay

TOTAL: \$25,061.40