                           The Eggplant

**Valley Medical Group, P.C. Staff Newsletter           Vol. XVIII, Issue 4, Mar. 26, 2018**

*The previous edition of The Eggplant summarized our efforts to improve compensation and* described our merit raise program this year. As part of our continuing efforts to recognize the efforts you make for our patients and VMG, and on behalf of the Board of Directors, **I am very happy to announce that VMG will be making a matching contribution to your 401K Plan accounts.** The match will be 24.3% of your 2017 401K contribution. For example, if you contributed $2,000 to your 401K in 2017, VMG will deposit an additional $486 in your account.  If you contributed $5,000, the matching contribution will be $1,215. If you contributed more, your match will be greater. The funds will be sent to your Voya account in the next few days and you should be able to go online and see the deposit by the end of next week.

These are the criteria to be eligible for this contribution:

* You must have been employed by VMG on 12/31/17
* You must have worked 1000 hours or more in 2017
* You must have made a contribution to your 401K in 2017

We are hoping to make further matching contributions to your 401K plan each year, as our budget and financial performance allow. **If you are not currently contributing to your 401K account, please strongly consider doing so**. And, when VMG is able to make a matching contribution, that money is essentially “free” to you.

**If you don’t already know: What is a 401K?**

A 401(k) is a retirement savings plan sponsored by an employer. It lets you save and invest a piece of your paycheck before taxes are taken out. Taxes aren’t paid until the money is withdrawn from the account. Our 401K provider is VOYA.

**Why Contribute to Your 401K Account?**

Retirement planning is important for all of us (younger and older). Most Americans do not save enough for retirement. Instead they may rely on Social Security and savings accounts (and even stashing money “under the mattress.)” While these methods may play a role in your savings and retirement strategy, contributing to your 401K account is a great way to save and offers some unique advantages.

* A great advantage is that, when we can match some part of your contributions, you get “free (to you) money” (24.3% for 2017)
* Any contribution you make to your 401K is not taxed until you withdraw the money at your retirement. In fact, your contributions reduce your taxable income now so you pay less in taxes now.
* You have many choices in how to invest the money you put in your 401K. You can choose from relatively safe things like money markets to investments with more growth potential like mutual funds in stocks and bonds. *PLEASE NOTE: We can’t give financial advice about investments and we can’t guarantee your returns on investments. But even in “hard times,” 401K investments have provided better returns then savings accounts.*

**A Very Practical Example**

Even relatively small amounts of money contributed each pay check can grow substantially over time. Here’s a very simple example. Let’s say you start with $500 in your account. And let’s say you buy a coffee at Dunkin Donuts 5 times a week, you’re probably paying at least $15 per week for your coffee (and probably more if you’re adding other items). If instead, you put that $15 per week in your 401K that would be about $60 per month. If your 401K grew at the rate of even 2% per year, after 10 years that $500 would have become $8,493. In addition, you would have the advantage of that money not being part of your taxable income until you retire.

Here’s a link to the VOYA website with more information on why and how to make sure you are planning for retirement:

<https://www.voya.com/articles/retirement-goals-why-bother-saving>

Later in the week look for an announcement about some meetings with our VOYA representatives on how you can maximize your 401K contribution and prepare you and your family for retirement.

Finally, there’s more to financial planning than retirement planning. The VOYA website also has useful information on budgeting, savings, managing debt, and other important topics. <https://www.voya.com/planning-advice/getting-started-personal-finance>

Thanks again for all your hard work for our patients, communities, and for VMG.

Joel