401(k) RETIREMENT PLAN

GENERAL UNDERSTANDING

ALERUS

A 401(k) plan is an employer-sponsored retirement savings program that helps you build financial security for retirement. Through convenient payroll deductions and valuable tax advantages, a 401(k) can help you build and achieve long-term financial wellness.

Why Should I Participante in a 401(k)?

A 401(k) plan offers valuable benefits that can help you prepare for retirement.

- **Save automatically.** Contributions are deducted directly from your paycheck, making it easy to save.
- **Potential employer contributions.** Many employers offer matching contributions that can help grow your retirement savings.
- **Harness the power of compound growth.** Earnings can generate additional earnings over time, helping your savings grow. Even small contributions can make a difference over time.
- **Benefit from tax advantages.** Depending on your contribution type, you can reduce taxes today or enjoy tax-free withdrawals in retirement.
- **Invest in your own future.** Choose from a variety of investment options to align with your personal goals, retirement timeline, and risk tolerance.

How Does it Work?

- Contributions are deducted directly from your paycheck and deposited into your 401(k) account. You choose how much to save, subject to IRS limits and any plan-specific requirements.
- Traditional (pre-tax) contributions are deducted before federal and state taxes are calculated, reducing your taxable income today. Taxes are paid when you withdraw funds in retirement.
- Some plans also offer Roth contributions, which are made after taxes have been paid. Qualified withdrawals, including earnings, are tax-free in retirement if IRS requirements are met.
- You can generally increase, decrease, or stop your contributions and change investment elections as your plan allows.
- You may also be able to roll over eligible savings from a previous employer's retirement plan or IRA.

How Can I Access My Funds?

Because a 401(k) is designed for retirement savings, withdrawals are generally available after you leave your employer, retire, or reach an eligible age.

At retirement or separation from service, options may include:

- A lump-sum distribution
- Periodic payments
- Rolling assets into another eligible retirement account

Some plans may also allow loans or hardship withdrawals while employed, subject to plan provisions and IRS requirements.

Start Saving for Your Future Today

Participating in your 401(k) plan is one of the most effective ways to prepare for retirement and work toward your long-term financial goals. The sooner you begin saving, the more opportunity your money has to grow.

Questions?

Contact your human resources department or retirement plan representative to learn more about your plan's features, contribution limits and enrollment process.