EMPOWER

BUILDING A FOUNDATION OF

Financial Wellness for Everyone

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RO3175294-0224

Hi, we're Empower

We're helping 19 million people get ready for what's next and create the future they want.[1] We are committed to helping people live for today while saving for tomorrow — because we believe in retirement and financial freedom for all.

1 As of December 31, 2024. Information refers to all retirement business of Empower Annuity Insurance Company of America (EAICA) and its subsidiaries, including Empower Retirement, LLC; Empower Life & Annuity Insurance Company of New York (ELAINY); and Empower Annuity Insurance Company (EAIC), marketed under the Empower brand.

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Core areas of financial focus

Budgeting

Debt

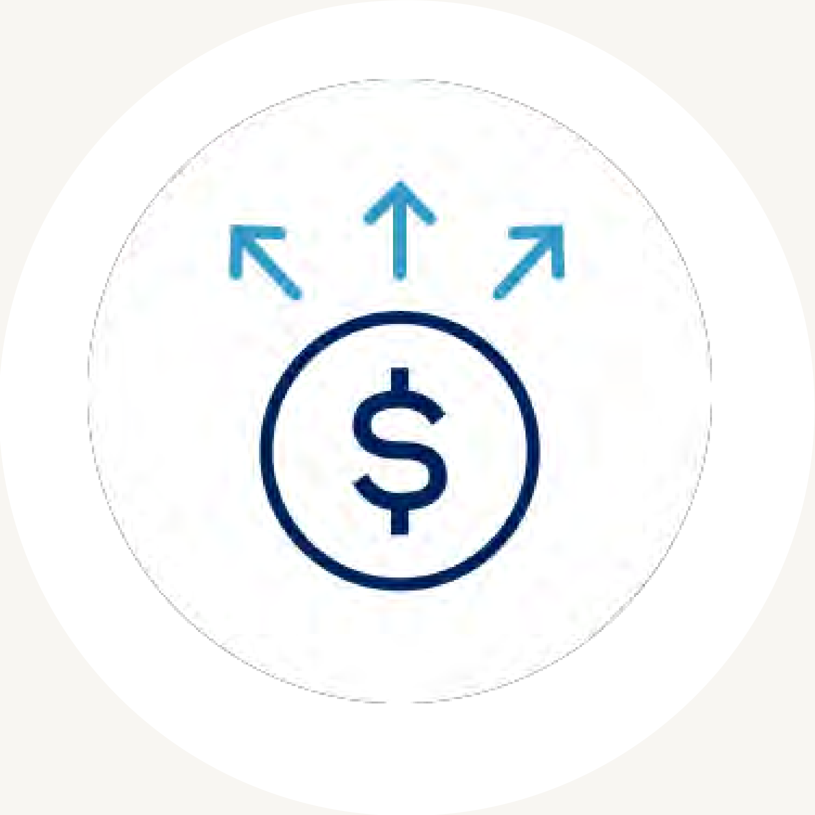
Credit

Savings

The benefits of having a budget

Go from wondering where your money went to knowing exactly where it should go.

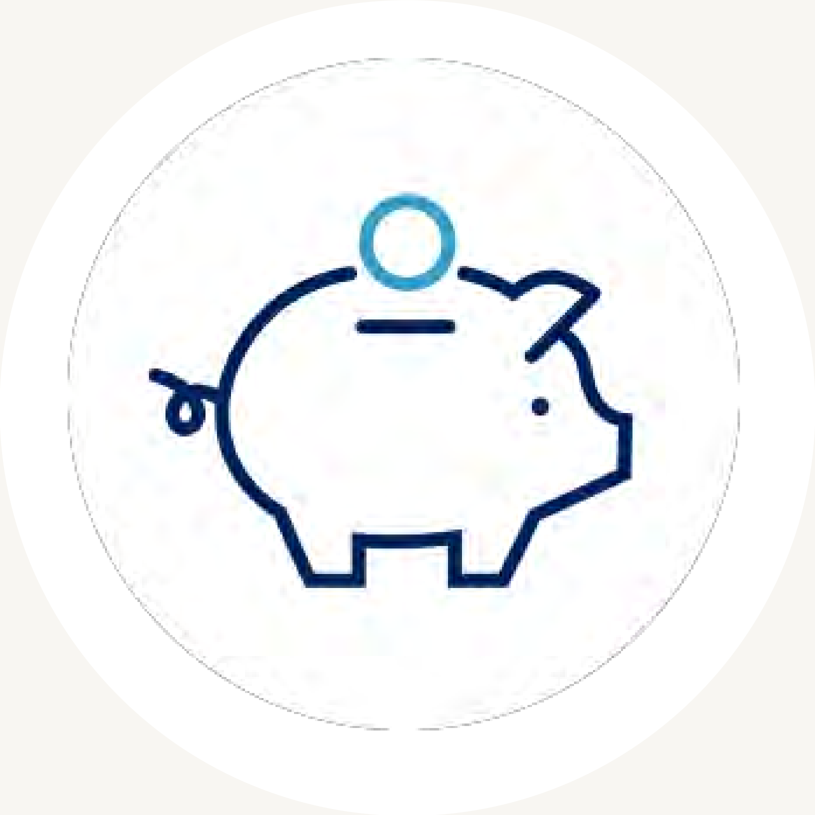
A budget may help you ...



PRIORITIZE SPENDING

REDUCE DEBT

PREPARE FOR UNEXPECTED EXPENSES



MEET YOUR SAVINGS GOALS

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A budget helps you find a balance across needs, wants, and savings

The 50/30/20 rule simplifies budgeting.

50%

NEEDS

Necessary expenses such as housing, food, heat

30%

WANTS

Discretionary spending on items like entertainment and hobbies

20%

SAVINGS

Includes paying down debt, building an emergency fund, and savings for retirement

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What’s competing for your money?

So many demands on your money can make it hard to know where it all goes. Creating a budget and the process of tracking your money can help give you a clearer picture.

Budgeting made easy

Budgeting feels complicated, but it’s really made of three components:

Your income

Your expenses

Your goals

How much do you have coming in?

This is your **net pay** after taxes, insurance, and retirement contributions.

It could also include other sources of income, such as:

- A second job.
- Money from an online business.
- Alimony.
- Interest income.

Take a look at your expenses

Track what you spend — it usually falls into a handful of categories.

Monthly expenses

- Rent
- Car payments
- Insurance

Variable expenses

- Groceries
- Gas
- Utilities

Surprise expenses

- Car repair
- Vet bills
- Medical emergencies

Quality of life expenses

- Clothing
- Entertainment
- Gifts

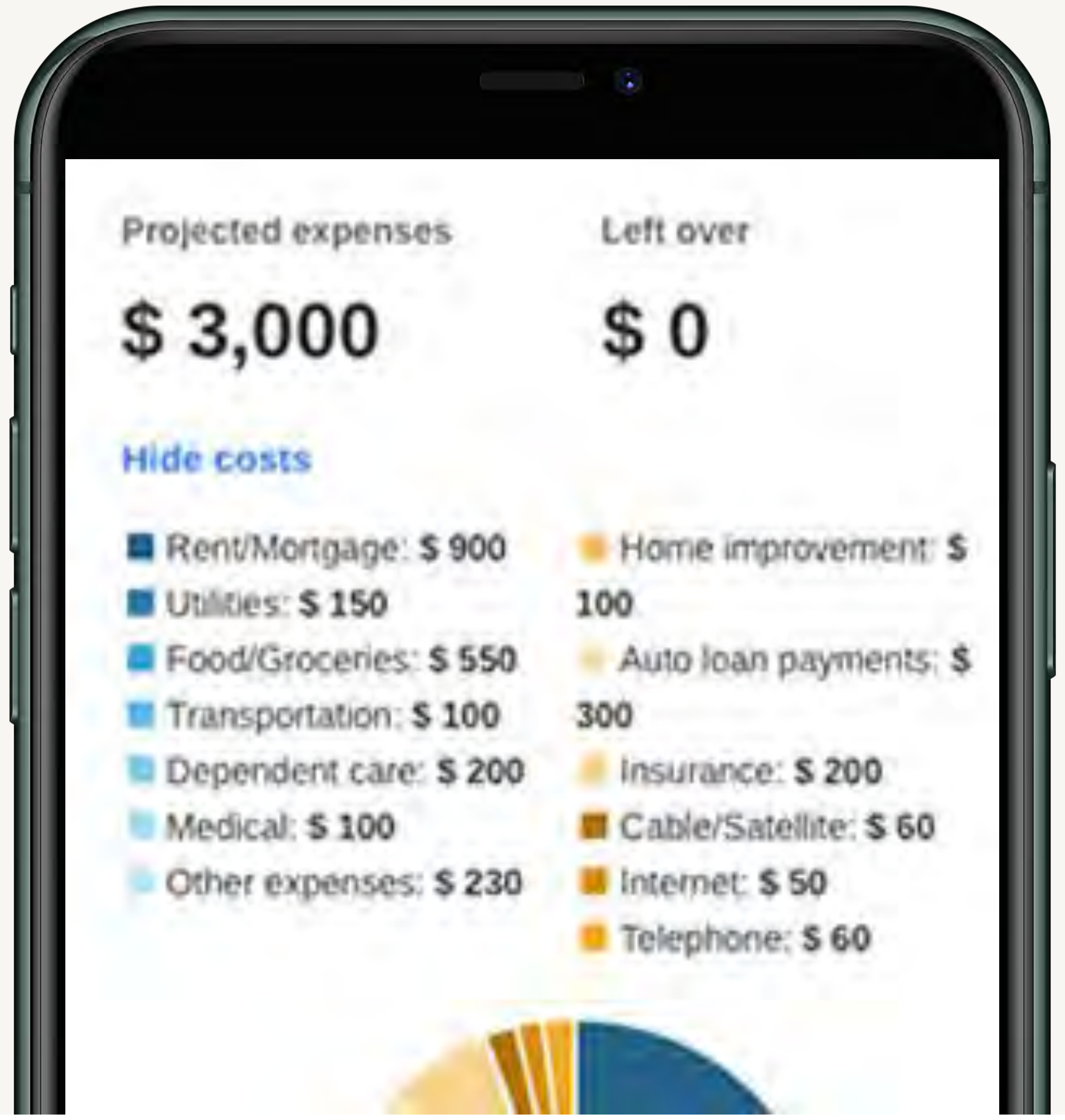
Create your budget

Subtract your expenses from income.

If the number is positive:
Use your budget to determine the best place to use those funds.

If the number is negative:
Use your budget to see where you can cut expenses.

Apps and online tools can help you create and maintain your budget.



FOR ILLUSTRATIVE PURPOSES ONLY.

Your financial needs and circumstances change over time. Try to revisit your budget periodically.

A sample budget

Income:

$2,500

+

$500

= $3,000/month

Expenses:

$2,000

+

$400

+

$150

+

$80

= $2,630/month

Surplus = $370

Your income vs. expenses results

You have a surplus

Things to think about

- Increase retirement savings.
- Grow your emergency fund.
- Pay down debt more quickly.
- Save for college or a vacation.

Your income vs. expenses results

You have a deficit

Don’t panic

- Find the cause.
- Adjust your nonessential spending.
- Shrink existing debt.

Your goals

Building your financial future

SHORT-TERM GOALS

Paying down debt

Saving for a new car

Starting an emergency fund

LONG-TERM GOALS

Kids' college funds

Vacation home

Retirement savings

What is your debt-to-income ratio?

Debt-to-income ratio (DTI) measures how much of your income goes toward paying debt.

$$\frac{\text{Total monthly debt payments}}{\text{Total monthly income}} = \textbf{DTI}$$

Example

$$\frac{\text{\$200 monthly debt payments}}{\text{\$1,000 monthly income}} = \textbf{20\% DTI}$$

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What does my DTI mean?

If your DTI is ...

DTI	
0-35%	• Your debt is manageable. • You most likely have money left over for saving and spending. • Lenders are more likely to offer credit options.
36-49%	• There is room for improvement. • Lowering your DTI could put you in a better position to handle unforeseen expenses.
50-100%	• You probably have limited funds to spend and save. • Lenders limit their credit offerings to you.

investopedia.com, Debt-to-Income (DTI) Ratio: What's Good and How To Calculate It, May 30, 2022

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How to stop accumulating new debt with mindful spending

Before you can meaningfully pay down your debt, you need to stop adding more debt

- Double check your budget to make sure that your income comfortably covers your monthly expenses.
- Practice spending mindfully to help you stay on budget.
- Before making nonessential purchases, ask yourself:

Can I afford this? Will I use this? Do I have space for it?

Tips for paying off debt

After you've created a budget that helps you sustainably pay your monthly expenses without using a credit card, you can start paying off your existing debt

Here are some tips to help you pay off that debt faster:

- Pay off the card with the highest interest rate first.
- Pay whatever you can above the minimum payment on that card whenever you can.
- Consider using your bonus or tax return to pay off debt.
- Continue making your regular payments on the other cards as you pay off that higher-interest card.

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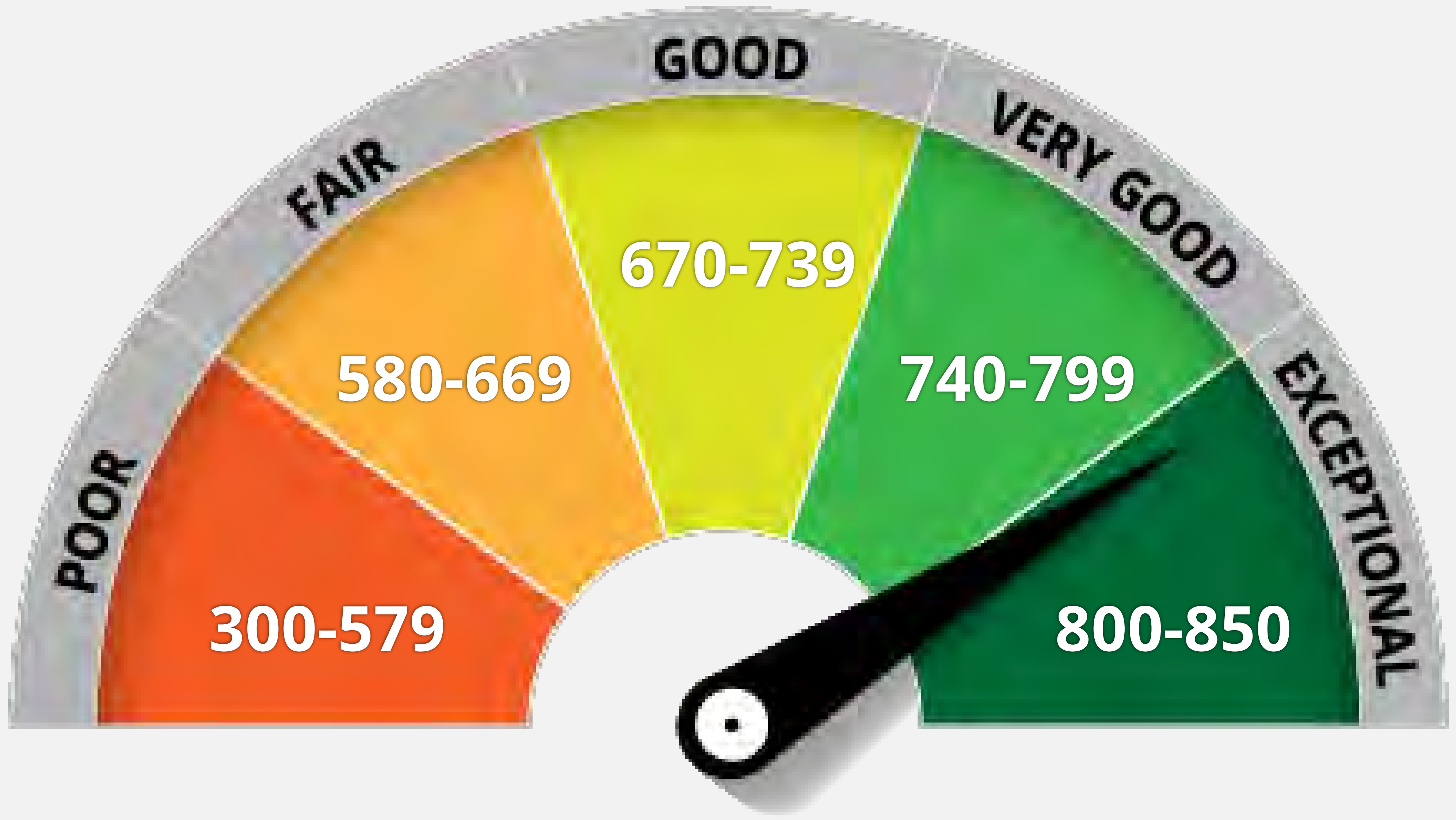
What is credit?

Credit scores are used to help credit companies make accurate and reliable risk decisions

- Credit scores rank consumers by how likely they are to pay their credit obligations.
- The FICO credit score is the most widely used credit score. It plays a critical role in billions of lending decisions each year.

FICO score ranges:



The higher your score, the easier it is to obtain credit and the best interest rates available on loans.

How do I build credit?

Your credit score is calculated based on your relationships with credit lenders

- Your credit score typically starts calculating when you open your first credit card account.
- If you're starting from scratch, it can take up to six months of regular credit activity to generate your credit score.

Here are a few ways to start building a credit score:

- Open a department store or gas card.
- Apply for a secured credit card.
- Consider a co-signor or co-applicant.

How do I maintain my credit?

Maintaining credit starts with making solid credit decisions

- Apply for new credit sparingly and select cards with low annual fees.
- Keep your credit card balances under 30% of your available limit.
- Don't use credit as an extension of income — if you can't afford to pay for it, don't charge it.
- After you've opened an account, make all your payments on time.

Use the auto-pay feature to help you make payments on time

How do I monitor my credit?

Monitor your credit frequently through an app or by visiting a credit bureau website

Creditors also look for other types of consistency like a stable income and steady place of residence

Additional ways to increase your credit score

Pay your bills consistently

Open a credit card and pay it in full each month, or even choose not to use it

Use a debit card

If you pay off a credit card, don't close the account

An emergency fund helps keep emergencies from becoming crises

Using your savings instead of a credit card to pay for emergencies can help you save money

Sample cost for car repair	$1,200.00
Cost if paid with credit card over 5 years at 18% interest	$1,828.33
You're overspending by	$628.33

Building and maintaining your emergency fund

Saving can be hard to do, but every little bit helps

- Are you able to save a small amount from each paycheck?
- Can you put your tax return or bonus into savings?
- Try to replenish your emergency fund after you use it.

How big should your emergency fund be?
Any amount is helpful.

Your emergency fund

When you pay for unexpected expenses with an emergency fund instead of a credit card, your emergency fund becomes a buffer between you and increased debt

Cost if paid with credit over five years at 18% interest	Sample cost for car repair	Added cost
$**1,828.33**	$**1,200.00**	$**628.33**

Your emergency fund

Building and maintaining an emergency fund

Financial professionals recommend having enough in savings to cover three to six months of expenses.

The difference in saving for short-term and long-term goals

Short-term

- Savings account
- Accessibility
- Low-risk

Long-term

- Investment account
- Potential growth
- Tax benefits

Saving in your employer retirement plan

- One of the easiest ways to save
- Tax advantages
- Compound earnings
- Company match

How pretax contributions work

Contributions are made before taxes are taken out.

On the plus side

- Any growth is tax-deferred.
- Your current taxable income may be lowered.
- You may pay lower taxes later.

More ways to save

Once you have the basics down, you can try:

Paying yourself first

Put some money into savings before paying any bills or expenses.

Consider opening a separate bank account that's only used for savings.

Reward yourself

Give yourself 10% of what you would've spent on purchases that you avoided.

Dream big

What do you want to save for?
It’s up to you.

- A well-deserved vacation
- Your dream car
- Kids’ college fund

The sky is the limit!

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Key takeaways

Four core financial pillars

Budget

Make and stick to a spending plan.

Debt

Stop adding debt before aggressively working to pay off existing debt.

Credit

Pay your bills on time every month.

Savings

Keep your fundamentals going and you can save for anything.

Each step you take helps you toward reaching your financial goals and achieving the financial security and freedom that is financial wellness

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Powerful features at your fingertips

The free Empower Personal Dashboard™ helps you:

- See all your accounts in one place.
- Track, manage, and plan your financial life.
- Understand your net worth, financial goals and more.

The Learning Center makes financial education easy through:

- Online courses, videos, and assessments.
- Articles and insights.
- Financial planning calculators.

My Financial Path helps you answer your money questions with:

- Information about spending, saving, investing, and life's big events.

Get a personalized action plan about your next financial step.

Download the app in the App Store® and on Google Play™.

or

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We're here to help you:

1 Get answers to your money questions.

2 Review and understand your current financial situation.

3 Plan for the financial future you want.

To get started, login to EmpowerMyRetirement.com

or call 1-800-338-4015

Weekdays: 9 a.m. to 8 p.m. CST time

Saturdays: 8 a.m. to 4:30 p.m. CST time

Automated system available 24/7. Password required.

TTY: 1-800-766-4952

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Disclosures

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Questions

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