



## Financial terms to know

Term	What it is	Why it's important
Mutual fund	An investment made up of a pool of money collected from many investors for the purpose of investing in stocks or other securities. You own shares of a fund and can buy or sell your shares at any time.	With mutual funds, you have easy access to investments that provide both diversification and professional management.
Pretax contributions	Contributions to a retirement account or other investment before current taxes are deducted.	Pretax contributions help reduce your current taxable income. Taxes on your contributions and earnings are deferred until retirement, at which time you may have less income and may be in a lower tax bracket.
Required minimum distribution	By law, the age at which required minimum distributions (RMDs) must begin has increased from age 70½ to age 72 for individuals who attain age 70½ after December 31, 2019 (those who attained age 70½ before this date are not affected and will continue to be subject to RMDs). <i>Note: Different rules may apply if you're still working.</i>	There are stiff penalties for failing to take required distributions on time, so it's important to stay on top of the due dates as you plan ahead for retirement.
Retirement income	The money you receive in retirement from sources such as pensions, Social Security, 403(b) or 401(k) accounts, annuities, investments and bank accounts.	It's smart to compare your expected retirement income with your expenses, such as costs for daily living, activities you enjoy and healthcare. If your anticipated income falls short of your expenses, you may be able to make adjustments.
Roth contributions	Contributions made to a Roth retirement account after current taxes have been deducted.	Contributions and any earnings may be withdrawn tax free in retirement, which may be beneficial if you expect your retirement income will be the same or higher than during your working years.
Target-date funds (also known as Lifecycle funds)	Funds invested in a broad range of stocks and bonds managed to a specific target date. The mix of investments in each fund becomes more conservative as the target date (usually retirement) approaches.	Target-date funds offer an easy way for you to choose a single fund that provides a professionally designed mix of investments and

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