EMPOWER®

BUILDING A FOUNDATION OF

Financial Wellness for Everyone



Mercer

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Hi, we're Empower

We're helping more than 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, 2025



Get the most out of your Empower account in 5 steps

STEP 1

Register your account if you haven't already.

Select *Register* on your plan homepage.

Follow the prompts to create your username and password.

STEP 2

Name your beneficiary or beneficiaries to ensure your savings go where you want them to.

STEP 3

Set your communication preferences to let us know how you would like to receive important information from us.

STEP 4

Sign up for our newsletter, The Currency™, at **empower.com/newsletter**, to stay in the know about financial matters.

STEP 5

Download our app to access your financial information anywhere.

Financial wellness makes you feel free from financial worry

What does financial wellness mean to you?

“Financial wellness is being able to enjoy life. You get to that freedom that you want to reach so you're able to have a balanced life and you don't feel like you have to be living paycheck to paycheck.”

Domenica
Empower Employee
ALMA — Aspiring Latinos Moving Ahead





“Financial wellness is having the freedom to do what you want when you want without feeling the pressure of ‘how am I gonna pay for this?’

Mike
Empower Employee
VETS — Voices of Experience Through Service

Financial wellness is knowing you can meet your current and future financial needs and feeling free from financial worry

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Core areas of financial focus



Budgeting



Debt



Credit



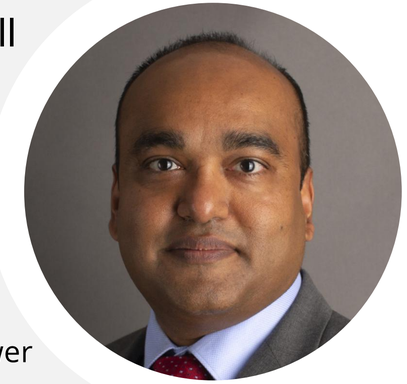
Savings

Budgeting helps bring your money to life

What does financial wellness mean to you?

Set a budget and live within it. I know we hear that all the time, but very few people, I think, actually sit down, look over their expenses, set a budget, and then live by it vehemently. And that's something I wish I had really done in my younger days."

Sumit
Empower Employee
NAMaSTE — Network of Asians Making Strides Together at Empower



When my husband brought up the word 'budget,' I almost wanted to divorce him, like right then and there. And here's what's so funny — he put me on a budget and it has been the most eye-opening happiest life I have ever had."

Cindy
Empower Employee
ALMA — Aspiring Latinos Moving Ahead



"You know, I was really fortunate. My mom — her family lost everything when they came to this country. They were very, very conscious of the money that they had and how they could spend it. So she didn't necessarily talk about how to budget, but I could see what she was doing. She was always managing the finances and making sure that certain money went to certain buckets."

Susanna
Empower Employee
NAMaSTE — Network of Asians Making Strides Together at Empower



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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

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

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.

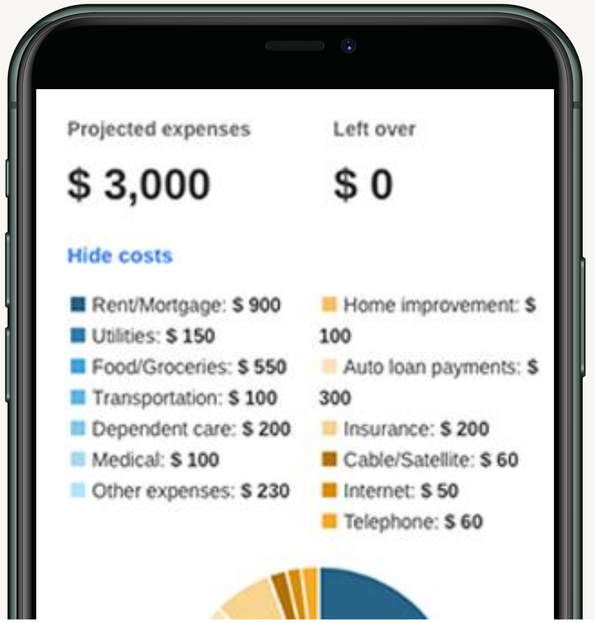
If the number is positive:

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.



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Your financial needs and circumstances change over time. Consider revisiting 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

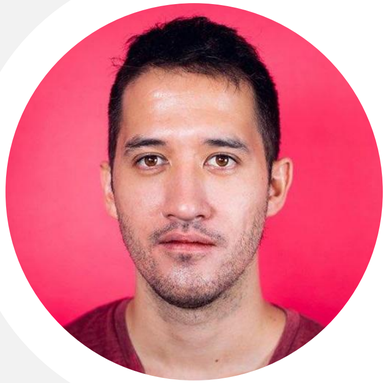
Retirement savings

Paying off debt can help you feel free

What does debt mean to you?

“Financial wellness is the freedom of not living in debt. Knowing that you have enough to pay bills and also feeling secure that you can handle any emergencies.”

Sam
Empower Employee
NAMaSTE — Network of Asians Making Strides Together at Empower





“Don’t spend what you don’t have. Don’t get into credit card debt.”

Susanna
Empower Employee
NAMaSTE — Network of Asians Making Strides Together at Empower

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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

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

What does my DTI mean?

If your DTI is ...

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, April, 2025

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.

Give me some credit

What does credit mean to you?



“Financial wellness means my credit score. Just being able to be able to buy things and being able to buy property or invest and not have to worry about if I’m going to get approved for this or that. And responsible use of credit cards. I am so glad that they passed the bill that they can't be on campus and sign up for this credit card and get a free T-shirt, because that's exactly what I did.”

Alycia
Empower Employee
BOLD — Black Organization for Leadership Development

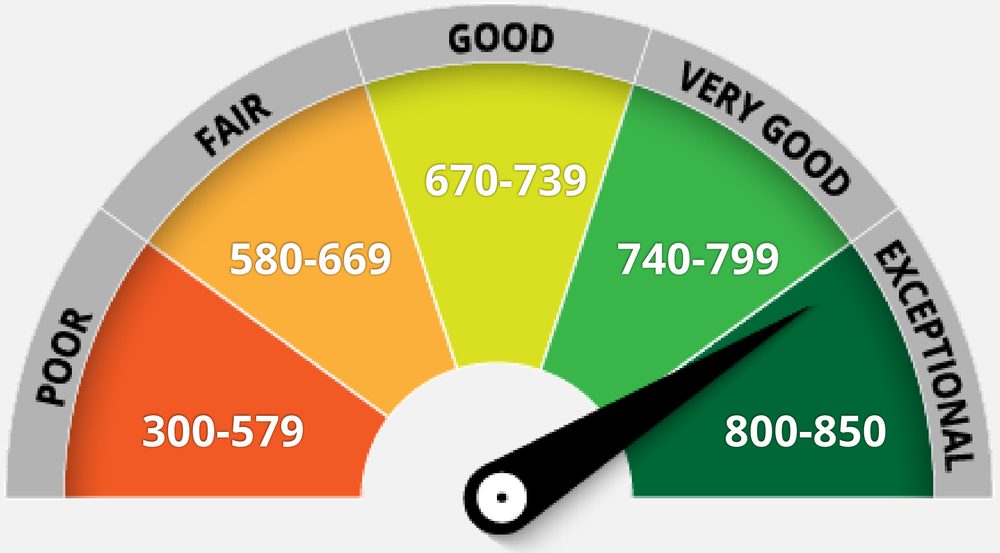
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What is credit?

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

Saving helps future financial wellness

Why do you feel saving is important?

"When you don't have the money in the bank and an emergency comes up, then what happens? That's where the payday loans come in. That's where the credit card comes in. That's where cashing out your 401(k)s come in. That's where taking 401(k) loans come in. That's where hardship withdrawals come in out of the 401(k) plans.

Charise
Empower Employee
BOLD — Black Organization for Leadership Development





"It's hard for folks when they're younger to look at the big picture. Get in on the ground floor and start to save as a 25-year-old. I think it's very hard for folks when they're young to really look down the road and understand the opportunities they have."

Kae
Empower Employee
PRIDE — LGBTQ+

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An emergency fund helps keep emergencies from becoming crises



Using your savings instead of a credit card to pay for emergencies could 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

$1,828.33

Sample cost for car repair

$1,200.00

Added cost

$628.33

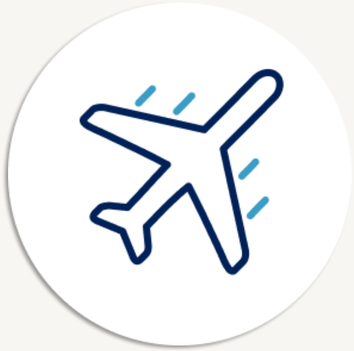
Your emergency fund

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
- Potential compound earnings
- Company match



The beauty of compound earnings

With the potential of compound earnings, not only would your contributions potentially grow, but you also could gain earnings on any earnings.

The money you start saving today could theoretically double in just 12 years — and triple in 19 years.



FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not reflect a particular investment and is not a guarantee of future results. This is a demonstration of the rules of 72 and 114 used to approximate the number of years it takes a given investment to double and triple in value. It assumes a 6% rate of return. Rates of return may vary. This illustration does not reflect any associated charges, expenses, or fees, which could change the outcomes provided.

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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.



How Roth retirement plan contributions work

Roth retirement plan contributions are deducted from your paycheck after taxes are taken out, and any earnings* are also federal tax-free for qualified withdrawals

On the plus side

- May be a good option if you expect to be in the same tax bracket you are in now, or higher, when you retire.
- Money you save today has the potential for long-term growth if you don't plan to access it for many years.



* Roth withdrawals are federally tax-free if they are qualified distributions as defined by the IRS. For a distribution to be qualified, the account must have been open for at least five years, and the withdrawal must occur after age 59½, death, or disability. Earnings withdrawn before those conditions are met may be subject to taxes and penalties. Tax laws are subject to change. State and local taxes may still apply.

Would you rather have more money now or later?

- If you expect your tax rate to be higher in retirement, Roth contributions may be right for you.
- You won’t have to pay taxes at the higher rate when you take your qualified distributions.
- It may cost you more on the front end to invest with Roth.
- Your contributions may become more valuable later because they have already been taxed.
- If you’re maxing out your contributions, Roth can help you potentially accumulate more tax-free money later — without increasing how much you’re allowed to contribute.



A side-by-side comparison

	PRETAX PAYCHECK CONTRIBUTIONS	ROTH WORKPLACE CONTRIBUTIONS	NON-ROTH AFTER-TAX PAYCHECK CONTRIBUTIONS
EFFECT OF CONTRIBUTIONS ON PAYCHECK	Take-home pay is a little higher (you pay taxes later when you take the money out)	Take-home pay is a little lower (you don't pay taxes later when you withdraw qualified money)	Take-home pay is a little lower (you don't pay taxes later when you withdraw qualified money)
TAXATION ON DISTRIBUTIONS	Contributions taxed as ordinary income Any earnings taxed at your normal tax rate*	Contributions not taxed Any earnings not taxable with qualified withdrawals*	Contributions are not taxed Any earnings are taxed at your normal tax rate

Note: When choosing between contribution types, participants must take into consideration their complete personal financial situation.

Roth withdrawals are federally tax-free if they are qualified distributions as defined by the IRS. For a distribution to be qualified, the account must have been open for at least five years, and the withdrawal must occur after age 59½, death, or disability. Earnings withdrawn before those conditions are met may be subject to taxes and penalties. Tax laws are subject to change. State and local taxes may still apply.

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Experience the best of both worlds

Roth strategies to think about

- Ease into the bigger tax bite by splitting contributions to start
- Contributing both ways enables tax diversification in retirement



Consult your tax professional for help with your personal situation

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!

Key takeaways

Four core financial pillars



Budget

Make and stick to a spending plan.



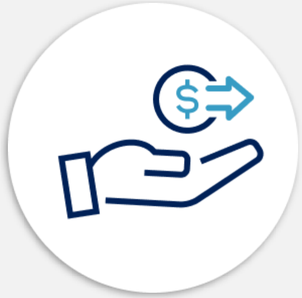
Debt

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

What are my takeaways?

Consider the following:

- Register for online access
- Enroll in your plan
- Increase contributions
- Diversify your portfolio
- Name/Update your beneficiary
  - Don’t forget about your contingent!
- Download the Empower Mobile App



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.

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

or

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Keeping your savings safer together

Empower offers a Security Guarantee as part of its commitment to your account safety.

- Register your account online
- Choose a strong username and password
- Review all security alerts immediately
- Review your accounts periodically



PRO TIP: Use a password manager to keep your information and passwords secure.

For more information regarding account security, including the Empower Security Guarantee, visit **empower.com** and, from the list of additional links at the bottom of the page, click *Security center*.

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 mercerwise.com or call 833-637-2379

Weekdays: 8 a.m. to 10 p.m. EST time

Saturdays: 9 a.m. to 5:30 p.m. EST time

Automated system available 24/7. Password required.

TTY: 1-800-766-4952

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