Capital One | SPARK 401k℠

presents

START BUILDING YOUR NEST EGG IN 3 Steps

Help get your 401(K) on track for retirement today!

Three steps to starting off right with your 401(k)

There are three pretty simple steps that can help you reach your retirement savings goal. In general, experts suggest you'll want to accumulate enough to replace 70-80% of your salary in retirement. Your income is likely to vary over your career, but with a little planning, these steps can help you on the road to retirement.

1

Consider contributing 10% of salary to your retirement account.

Experts suggest that contributing at least 10-15% of your salary and starting as early as possible will put most people in position to have the comfortable nest egg they want in retirement.[1] If you're unable to do 10-15% right now but your employer provides a match, at least contribute enough to receive the whole match—it's free money. If you are in your mid-30s or older you may want to consider contributing even a little more if you haven't started.

2

Consider selecting a Model Portfolio if you're new to investing.*

Spreading your retirement money among stocks, bonds and cash (your asset allocation) and picking the right fund types in each category can have a big impact on reaching your goal. Our Investment Committee of financial experts makes it simple for you by managing the fund selection and asset allocation of five model portfolios ranging from Stable (income preservation) to Aggressive (potential for growth with added risk). Simply pick the one that fits your risk tolerance and check in regularly to review your selection. There is no additional charge to choose one of Capital One Advisors LLC managed models. Or you may prefer to select from our complete line up of investment options.

LEARN MORE

*Diversification and asset allocation do not ensure a profit or guarantee against loss.

3

Consolidating your retirement accounts could make things easier.

If you have an old 401(k) from another company or have rolled one over to an IRA, it could make sense to consolidate these into your new Spark 401k account. By consolidating your retirement accounts, you may be able to keep track of your accounts easier. When considering a rollover, be sure to check the investment options, fees, expenses, and other services provided. If rolling over does make sense for you, check out our Appendix for information on rolling over your existing funds so you can have your retirement money in one place.

[1] C Ray Martin, Financial Advisor, CBS News
http://www.cbsnews.com/news/five-401k-mistakes-to-avoid/

Other rules of thumb and investor insights

The following pages provide greater insight into investing and Capital One Advisors LLC. It will provide background on why the three previous suggestions can make a lot of sense for most investors saving for retirement.

Your 401(k) tax advantages lead to increased savings

Most employees choose to contribute most, if not all, of their 401(k) monies on a tax-deferred basis. So you'll lower the taxes you pay this year, and then Uncle Sam will collect taxes on it when you withdraw from your account in retirement (note that for many, your tax-rate is typically lower in retirement because you're no longer earning as much income). Not only does this ease the hit on your take home pay, it also is expected to result in some significant savings advantages over time.

Contributing to your 401(k) saves taxes this year

Your pre-tax contributions will lower your current income taxes and may not have a big impact on your take home pay either. Just consider these two hypothetical scenarios. In the first scenario, an individual is saving 10% of his salary into a regular brokerage or bank account (after tax). The second person is saving into a 401(k) and also receives a 3% employer match (your employer may or may not provide a match). Here's how both the tax savings and retirement savings can make a big difference for the person using their 401(k):

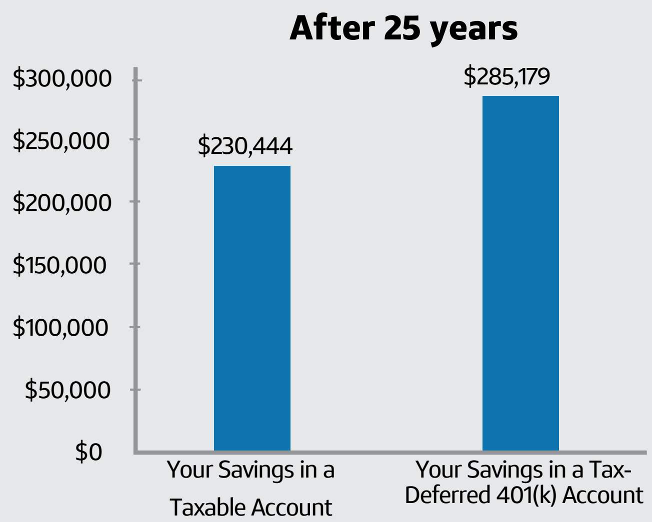
	Person 1 Contributes after-tax savings	**Person 2** Contributes pre-tax 401(k)savings
Biweekly pay	$1,600	$1,600
Biweekly amount saved	$160	$160
Employer 3% 401(k) match	$0	$48
Savings per paycheck	$160	$208
Taxable income	$1,600	$1,440
Federal income tax of 20%	$320	$288
Take-home paycheck	$1,280	$1,152

The person that saves 10% of his or her salary pre-tax into a 401(k):

- Saves $832 in annual federal taxes by making pre-tax contributions (($320-$288) x 26 = $832)
- Saves $1248 more in retirement each year, including the 3% employer match (($208-$160) x 26 = $1248)
- Receives take-home pay that is only $128 less per paycheck ($1,280 - $1,152 = $128), but saves $32 in taxes after contributions ($320-$288=$32)

Tax-deferred savings can help you build a bigger nest egg

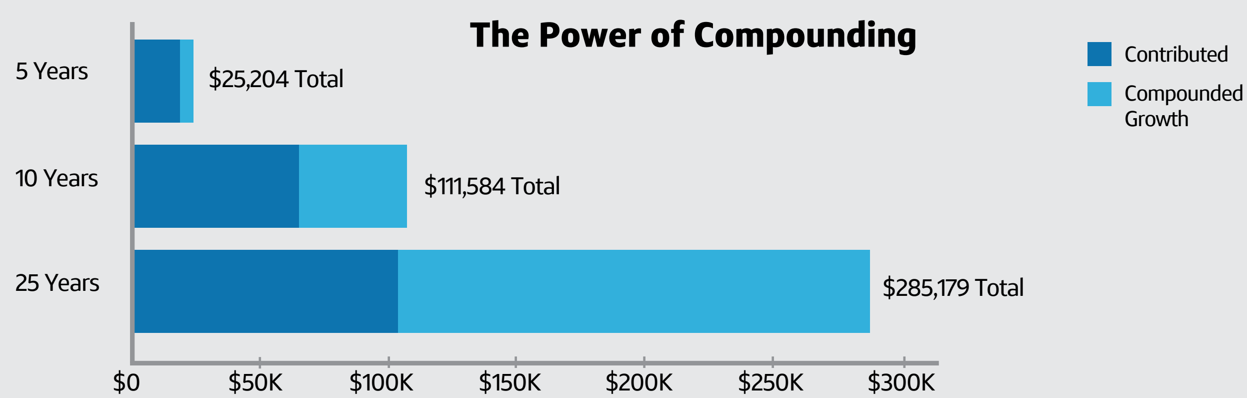
If you invested $350 per month in your 401(k) plan, you could end up with more in your retirement nest egg than if you saved the same amount in a taxable account. In this hypothetical example, you'll have nearly $55K more in your 401(k) account (or 24% more) than if you had saved in a taxable account.



Note: This hypothetical illustration shows an investment of $350 a month over a period of 25 years based on a fixed 7% rate of return in both a Taxable Account and a Tax-Deferred(401(k)) Account. The results include the reinvestment of all interest, but do not reflect the impact of any expenses or taxes for an actual investment, except for the deduction of federal income tax from the Taxable Account at an assumed rate of 20%. If such costs had been taken into account, the results shown would be even lower. This is a hypothetical example only. It is not intended to represent any specific type of investment and is not a guarantee of future returns.

Compounding helps your money grow faster

In the above example, a person contributes $350 a month for 25 years ($105,000 total) but has $285,179 at retirement. How does this happen? The power of compounding (generating earnings from previous earnings) can help you get to your retirement savings goal faster. The positive benefits of compounding can be seen almost immediately, but it has an even greater effect over a long period of time. The example below illustrates how compound earnings can grow over time:



While after 5 years compounding has added 20% more to what this employee contributed, after 25 years, compounding has added $180,179, or 172% more to the employee's contributions. Your own 401(k) account results will vary from this hypothetical example based on the return on the investments you choose and how much you contribute.

How much you put in stocks, bonds, and cash funds is a big deal

Stocks, bonds, commodities and cash make up the main asset classes of investing. Research shows that asset allocation has a greater influence on overall investment performance than the specific funds you may pick. A general rule of thumb as you consider your allocation is to use your age for the percent to put in bonds and the remaining in stock funds.[1] For example, if you are 40, you'd put 40% in bonds and diversify the rest in stocks and commodities—a 40/60 split.

While many are aware that historically stocks have outperformed bonds and bonds have beaten cash, it's important to remember that stocks are much more volatile than other asset classes. So while stock funds can provide an important role and may provide better returns throughout your career than other asset classes (and inflation for that matter), a big drop in the markets near or during retirement is unnerving and can have a significant effect on your available retirement dollars and how comfortably you retire.

If you are unsure where to start, select a Spark 401k model portfolio that best fits your tolerance for risk. Make sure you "auto-rebalance." This will automatically reset your investment selection to the target percentage in each asset class on an on-going basis so your investments don't get out of whack. Do check in on your account at least annually to ensure the funds or the Spark 401k model portfolio you selected still match your goals and your financial situation. For more information and to view our current line-up visit:

Spark 401k Model Portfolios
Spark 401k Investment Roster

Capital One Advisors Investment Committee—investment expertise servicing your 401(k) plan

To provide you with a powerful investment line-up, the Capital One Advisors Investment Committee oversees the investment options available in your plan along with managing the make-up of the five model portfolios.

Capital One 401k is not a fund provider, and we take an unbiased approach in selecting investments for each asset class and sub-category. The committee consists of investment professionals including a CFA (Chartered Financial Analyst). To assist in our analysis, we use a model that employs a Markowitz mean-variance technique designed to produce the highest expected return given the variable constraints (e.g. loss limits, historical returns) for each model portfolio. With this and other data, the fund roster and model portfolios are managed in line with the Capital One 401k Investment Philosophy and Policy. Essential policy objectives are asset diversification and keeping fund expenses low.

We take a hands on approach to ensure you have the investments that assist you to efficiently reach your goals. We are here to deliver you a great investment line-up to help you build a meaningful nest egg for retirement.

[1] Asset Allocation Is King, Thomas Idzorek, May 2010, Morningstar Advisor
https://corporate.morningstar.com/ib/documents/MethodologyDocuments/IBBAssociates/AssetAllocationIsKing.pdf

To roth or not to roth 401(k)

Some plans offer a Roth option, which means that your contributions are made on an after-tax basis. By making Roth contributions, you pay taxes now but may have tax-free withdrawals in retirement.*

The Roth option can be used to hedge your tax situation when you're ready to use your money in retirement. It's anyone's guess what tax rates will look like 10, 20, or 30 years from now. If you are early on in your career and you expect your earnings will grow as you advance in your career, it's likely you will graduate to a higher tax bracket by retirement. A common strategy is to divide your contributions between pre-tax and Roth. This allows you to "hedge your bets" and provides you an extra option on how to use your savings when you reach retirement age. For instance, you can take money out of the Roth portion of your account in years when you need to spend more money (maybe a big trip or moving to that dream house on the golf course) to keep taxes in check, and use the traditional 401(k) monies at times when your spending will be lower.

Learn more about investing for retirement

Recommended books that you can find at most bookstores or online:

- Bill Bernstein, *The Four Pillars of Investing*
- Burton Malkiel, *A Random Walk Down Wall Street*
- Larry Swedore, *The Only Guide to a Winning Investment Strategy You'll Ever Need*

Want more tools or information?

Contact our Account Management team

Call: **800.431.7934 x1**

E-mail: **spark401kteam@capitalone.com**

*Roth owners must be 59 1/2 or older and have held the account for five years before tax-free withdrawals are permitted.

Appendix: roll over money to Spark 401k Roll over your old 401(k):

1. The first step is to contact the firm that currently holds your assets. This other firm may require their own unique form that will need to be completed.

2. Have the check made payable to "PAi Trust – Spark FBO" (For Benefit Of) "You, the Account Owner's Name."

3. When you receive the check, please forward it to PAi (PO Box 60, De Pere, WI 54115-0060) along with the completed Rollover form.

4. Download the Rollover Form by logging into your account, select the "Documents" tab, select "Administrative Forms Kit" and then scroll down to "Rollover Form."

5. If your current financial institution sends the check directly to PAi please send in this completed form and contact us by phone at 1-800-431-7934 to alert us that the check is being sent directly by the financial institution.