

How to make the most of your 401(k) in 2010

This issue of *It's Your Future* includes guidelines on what you need to know for 2010 and tips for getting the most out of your participation in the 401(k) plan. Here's what you'll find:

- How to make the most of your contributions;
- 2010 IRS contribution limits and how different types of elections—Roth, pretax, catch-up—affect one another;
- Automatic payroll deduction cutoffs when you hit IRS limits;
- How to maximize the Nielsen match; and
- Deadlines for changing your 401(k) contribution amount for the first pay period in 2010.

Guidelines for 2010

Use the following information to help you select the right contribution percentages for 2010.

- \$16,500 (same as 2009) is the maximum for the amount of eligible compensation you can contribute to your 401(k) account as a regular pre-tax and Roth after-tax contribution. Your combined contributions—regular pre-tax and Roth after-tax—cannot exceed \$16,500.
- Nielsen matches pre-tax and Roth after-tax contributions. \$245,000 is the maximum for eligible compensation (same as 2009).
 - The payroll system will automatically cut off your pre-tax and Roth after-tax contributions when your combined contributions (if applicable) reach \$16,500 or your pay reaches the \$245,000 eligible-compensation limit—whichever occurs first in the year.
- Nielsen does not match non-Roth after-tax contributions. Your non-Roth after-tax contribution is subject to a 50% maximum combined contribution percentage. This maximum takes into account pre-tax, Roth after-tax and after-tax contributions and excludes any pre-tax catch-up and Roth after-tax catch-up contributions.
 - The payroll system will automatically cut off your after-tax contributions when you reach the \$245,000 eligible-compensation limit.
- Your pre-tax contributions, Roth after-tax contributions, non-Roth after-tax contributions and Nielsen matching contributions cannot exceed \$49,000 (same as 2009).
- If you are age 50 or older during 2010 and contributing either 6% of your eligible compensation on a pre-tax or Roth after-tax basis or have made the maximum pretax or Roth after-tax maximum contribution of \$16,500, you may make up to \$5,500 (same as 2009) in combined catch-up pre-tax and Roth after-tax contributions. Nielsen does not match pre-tax catch-up and Roth after-tax catch-up contributions.
 - If you contribute less than 6% of your eligible compensation or have not reached the \$16,500 maximum contribution limit, some or all of your catch-up contributions must be re-characterized as regular pretax or Roth after-tax contributions. The catch-up contribution amount that will be re-characterized is the difference between \$16,500 and the amount of regular pretax or Roth after-tax contributions you have made for the calendar year. The re-characterized catch-up contribution will not be matched.

Change Is Coming!

Effective January 1, 2010, The Nielsen Company 401(k) Plan is offering another feature to help you save for retirement, Roth after-tax contributions. You'll receive additional information in early December.

Stay on track with your retirement objective and take the time now to review your contribution percentage and investment mix.

How to Maximize Nielsen's 401(k) Match

In 2010, you may contribute up to a maximum combined \$16,500 on a pre-tax or Roth after-tax basis. **If you choose a contribution percentage that is "too high," you may reach the \$16,500 maximum without getting the maximum employer match.** Here are some rules of thumb to determine the right contribution percentage for you.

- The maximum Nielsen match is 50% of the first 6% of your combined pre-tax and Roth after-tax contribution each pay cycle. If you contribute less than 6% pre-tax, you won't get the maximum match each pay cycle.
- You won't get the maximum match if you make more than a 6% regular pre-tax and Roth after-tax contribution **and** you reach either the \$16,500 contribution limit or the \$245,000 eligible-compensation limit before the end of 2010.
 - All contributions above 6% are not matched.
 - When you reach either of the limits, the payroll system automatically cuts off your contribution.
 - **Note:** Bonus and commission payouts during the year cause a "spike" in the cumulative amounts of your eligible compensation and your contributions, which could trigger an automatic payroll cutoff before you reach the \$16,500 contribution limit.
- Spreading your pre-tax and Roth after-tax contributions evenly during the calendar year can be a good way to maximize the Nielsen match **and** reach the \$16,500 contribution limit. (See the example below on how to maximize the Nielsen company match.)

Example

Carlotta and Ian each earn an annual salary of \$91,650 with no bonuses or commissions. Carlotta and Ian each contribute \$16,500 combined pre-tax and Roth after-tax. However, each contributes a different percentage of eligible pay. The maximum Nielsen match these employees can receive is \$2,750.

$$(\$91,572 \times 6\% \text{ regular pretax contribution} = \$5,494) \times 50\% \text{ match} = \$2,747$$

Carlotta receives the full \$2,747 Nielsen match. Ian receives a Nielsen match of only \$2,008.

Carlotta receives \$739 more in Nielsen matching contributions by choosing a contribution percentage that spreads contributions (and Nielsen's match) evenly across all 26 pay periods. Ian's pretax contributions (and Nielsen's match) are automatically cut off in the 19th pay period because that's when he reaches the \$16,500 pre-tax contribution limit.

Carlotta contributes 18% of eligible pay per pay period

\$91,572 per year/26 pay periods	=	\$3,522
\$3,522 x 18% contribution	=	\$634
\$3,522 x 3% Nielsen match	=	\$105.66
\$16,500 limit / \$634 contribution	=	26 pay periods to reach the \$16,500 limit
\$105.66 Nielsen match x 26 pay periods	=	\$2,747 total Nielsen match

Ian contributes 25% of eligible pay per pay period

\$91,572 per year/26 pay periods	=	\$3,522
\$3,522 x 25% contribution	=	\$881
\$3,522 x 3% Nielsen match	=	\$105.66
\$16,500 limit / \$881 contribution	=	19 pay periods to reach the \$16,500 limit
\$105.66 x 19 pay periods	=	\$2,008 total Nielsen match

The moral of the story? To maximize Nielsen's matching contribution, do what Carlotta does—spread your contributions evenly throughout the year!

Making and Changing Your Contribution Elections

You must make *separate elections* for pre-tax, Roth after-tax, after-tax, pre-tax catch-up and Roth after-tax catch-up contributions. You may start, stop, or change your elections at any time. The payroll system will reflect the change as soon as administratively possible after you complete your election with Fidelity.

You may change your election percentages for pretax, after-tax, Roth after tax, pretax catch-up and Roth after-tax catch up contributions at any time during the year by contacting Fidelity.

If you wish a new contribution election or a change in your contribution elections to take effect with the first payroll in 2010, you must indicate your new election or your change by contacting Fidelity between Monday, December 28, 2009 and noon ET Wednesday, January 6, 2010.

There are two ways to contact Fidelity:

Online: <http://netbenefits.fidelity.com>

By phone: 1-800-500-2363 between 8:30 a.m. and 8:30 p.m. ET

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