FRANKLIN MINT FEDERAL CREDIT UNION
The Credit Union of Choice!®

Wealth News

March 2009

Information from Financial Services and CFS* to help keep your financial life in balance

Consumer Sense

Senior Retirement Account Changes

With the recent economic downturn, many have experienced decreases in the overall value of their retirement and investment accounts. In order to help ease the economic burden felt by seniors, President Bush signed into law *The Worker, Retiree and Employer Recovery Act* (H.R. 7327). The bill was officially signed into law on December 23, 2008. With the passing of the Act, seniors who normally would have had to withdraw a portion of their retirement savings during the 2009 tax year can now choose to keep those funds invested. This is a small sigh of relief for some retirees due to the fact that selling a portion of their retirement portfolios might have caused selling their retirement funds at a significant loss.

Required Minimum Distribution

The passage of this Act waived the required minimum distribution (RMD) requiring individuals to withdraw a minimum amount of money from their tax-deferred retirement accounts. The retirement accounts that fall under this rule are IRAs, 401(k), Profit-Sharing, Money Purchase Pension, 403(b), and certain 457 retirement plans. RMD rules prior to December 23, 2008, required individuals who have reached age 70½ to take an annual minimum amount from their retirement plan. Failure to comply with the rule and withdraw the minimum amount would mean the individual would have to pay a 50 percent excise tax penalty of the amount that should have been withdrawn. Please note that *The Worker, Retiree, and Employer Recovery Act* does not waive the 2008 Required Minimum Distribution amount and the RMD requirement may return in 2010.

Tax Advantage Accounts

An individual retirement account or IRA is one type of retirement account with tax advantages. If you are under 50 years of age at the end of 2009, you may contribute up to $5,000 for 2009. The catch up provision is an added benefit for those ages 50 and older. If you qualify for the catch up provision, you can continue to add an extra $1,000 annually to your IRA. The account grows tax-free until you begin making withdrawals, usually after age 59 ½. If you decide to withdrawal funds before age 59 ½ you might be subject to a 10 percent penalty by the IRS.

Who Can Assist Me?

Now may be a great time to visit with the investment professionals at your local credit union to discuss your short-term and long-term goals, and how these proposed changes may impact you. To schedule an appointment with one of our investment representatives, ask a branch representative or go to our credit union website.

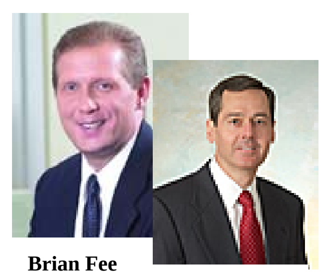
Source: www.irs.gov

Have You Read...

All About Retirement Funds: The Easy Way to Get Started by Ellie Williams. This book is a commonsense, practical guide that covers every financial aspect of planning for retirement. Up-to-date, in-depth coverage is provided for maximizing the long-term benefits of a 401(k), IRA, pension plan, annuity, Social Security, or other retirement financial vehicle.

Interested in Learning More?

We specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call us to set an appointment to review your investment objectives, and to discuss any questions you might have. We look forward to speaking with you!



Brian Fee **Gregg Ridge**

Financial Services
610-480-9996 www.fmfcu.org

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