

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

Consumer Sense

Don't Procrastinate!

Over the past 18 months, many investors have witnessed the worst market meltdown in 80 years. Even if you've experienced declines in your own retirement accounts, don't let today's economic climate negatively impact your savings plans for the future. Now is a good time to start pumping up your depleted Individual Retirement Account (IRA) or 401(k) plan. Each plan type offers its own advantages.

Employer Sponsored Plans

According to the IRS, 401(k) plans are the most popular type of retirement plans used today. The two main advantages of 401(k) plans are that contributions and investment gains are not subject to federal income taxes until distributed from the plan and contributions can be 100% vested. Even with the stock market in what seems to be a constant state of flux, you should still consider saving for your retirement soon as you can.

Delaying contributions to a 401(k) plan may end up costing you more than you'd think, especially if your employer sweetens the deal by matching your contributions. In this case, you could be missing out on what equates to free money!

Individual Retirement Account

IRA's may offer potential tax advantages. In 2010, you may be able to contribute up to \$5,000 per year. If you're 50 years or older, you qualify to add an extra \$1000 annually to your IRA under the IRS "catch up" provision. Your account grows tax-free until you begin making withdrawals, usually after age 59 ½. If you are anticipating a hefty tax bill, you have until the April 15 filing deadline to make allowable contributions to a traditional IRA for 2009. You may be eligible to use all or a portion of the IRA contribution to decrease your taxable income depending on your adjusted gross income. For specific tax advice please consult a

qualified tax professional.

Roth IRA

Unlike a traditional IRA, owners are not required to take a minimum distribution from a Roth IRA when age 70 ½ is attained. While contributions to a Roth IRA are not tax-deductible, a Roth IRA offers tax-free withdrawals in later years as long as the funds have been in the account for at least 5 years and the owner is at least 59 ½ when distributions are taken.

Your Specific Financial Situation

So which is best-- a traditional IRA, Roth IRA or 401(k) plan? This question can only be answered after a thorough review of your unique financial situation. Talk to your financial professional about the different types of tax advantaged retirement accounts and the rules that apply. He or she can assist you in determining which of these plans best fits your unique situation and long-term financial plan.

Source: www.irs.gov

Have You Read...

"IRAs, 401(k)s & Other Retirement Plans": Taking Your Money Out by Twila Slesnick PhD, John Suttle CPA Attorney. This book is a solid self-help legal look at a critical back-end issue that most of us blissfully ignore until we absolutely must confront it.

Find out 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!



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