



Consumer Sense

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

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Taking Advantage of Employer-Sponsored Retirement Plans

Employer-sponsored qualified retirement plans such as 401(k)s are some of the most powerful retirement savings tools available. If your employer offers such a plan try to take full advantage of the benefits offered.

Understand the Plan

Before participating, be sure to fully understand how the plan works. Read everything you can about the plan and talk to your employer's benefits officer. You can also talk to a financial planner or a tax advisor. Some key features that many plans share are: automatic payroll deduction of contributions, flexibility as to the amount of salary deducted up to the legal limit, income tax deferral on contributions made to the plan and protection of plan assets from creditor claims to satisfy your debts.

Have you read?

Retirement Plan Basics: A Guide for Qualified Plans by Stephen Abramson

Please visit this source for more information:

<http://www.ebri.org/>

Contribute as Much as Possible

Why put your retirement dollars in your employer's plan instead of somewhere else? One reason is that the pre-tax contributions to your employer's plan lower your taxable income for the year. This means you save money in taxes when you contribute to the plan--a big advantage if you are in a high tax bracket. Participation also allows you to tap into the power of tax-deferred growth. Your investment earnings compound year after year and are not taxable as long as they remain in the plan. Over the long term, this gives you the opportunity to build an impressive retirement sum using your employer's plan.

Know Your Options

Should you leave your job, the vested balance in the former employer's retirement plan is yours to keep. You have several options at that point, including taking a lump-sum distribution, leave your fund in the old plan or roll over the funds. Taking a lump-sum distribution typically results in paying income taxes and possibly a penalty on the amount you withdraw. Additionally, you give up continued tax-deferred growth. You

can leave your funds in the old plan, which may be a good idea if you are happy with the plan's investments or you need time to decide what to do with your money. Rolling your funds over to an IRA or a new employer's plan is often a smart move because there will be no income taxes or penalties if the rollover is done properly.

Who Can Help Me?

Employer sponsored plans can be complicated to understand. Here at SACU, there is a professional financial advisor who can help make sure you have a full comprehension of what your plan offers and how it benefits you in retirement. To learn more about working with a professional financial advisor, contact us.

Schedule your complimentary appointment with a CFS investment representative at SACU by calling toll free 800-234-7228, extension 1442 today.

Investment Services offered through CFS*

SACU

Your Dream Is Our Mission...

At SACU, our CFS* investment representatives are committed to providing products and services that help you and your family build your personal financial wealth and financial well being.

Interested in Learning More? Call 800-234-7228 ext. 1442 or ext. 1071.