

Consumer Sense

Easing the Tax Burden

Although the stress of tax season is over, the sting of the tax bill may still be fresh in your mind. Right now is a good time to plan for next year and start thinking of ways to ease the burden by investing in a tax advantaged account, such as an Individual Retirement Account or IRA, or 401(k) plan. Even if you're already contributing to an employer-sponsored plan, you may be eligible to deduct a portion of your IRA contributions depending on your adjusted gross income (AGI).

Retirement Planning

According to the IRS, 401(k) plans are the most popular type of retirement plans used today. Under 401(k) provisions, employee's elect to have a portion of their wages withheld and contributed to the plan on a pre-tax basis. The two main advantages of participating in a 401(k) plan are that elective deferrals and investment gains are not subject to federal income taxes until distributed from the plan and deferrals are always 100% vested.



Brian Horiuchi

Contact us at (408) 531-3222 or ISG@wealthcu.org to set an appointment with Brian to review your investment objectives and to discuss any questions you might have.

If you are not contributing to a 401(k) plan, confirm with your employer as to whether or not a plan is being offered. Your company's retirement plan may be a major source of retirement income for you in the future.

Tax Advantaged Accounts

Individual Retirement Accounts or IRA's are accounts with tax advantages. You may contribute up to \$5,000 in 2008. The catch up provision is an added benefit for those ages 50 and older. If you qualify, 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 withdraw funds before age 59 ½, you might be subject to 10 percent penalty by the IRS.

According to the IRS, contributions you make to an IRA may be fully or partially deductible, depending on which type of IRA you have and on your circumstances, and generally

amounts in your IRA (including earnings and gains) are not taxed until distributed. In some cases, amounts are not taxed at all if distributed according to the rules.

Reaching out to Your Credit Union's Financial Professionals

Talk to your financial professional about the different types of tax advantaged accounts. He or she may be able to assist you in determining which of these plans fit your unique situation without reducing your financial goals. To schedule an appointment with one of our investment representatives, ask a branch representative or go to our credit union website.

***For specific tax advice, please consult a qualified tax professional.**

Source: www.irs.gov; Refer to IRS Publication 590 for specific deduction information.

Have You Read...

Retirement Planning: *Your Complete Retirement Planning Road Map: The Leave-Nothing-to-Chance, Worry-Free, All-Systems-Go Guide* by [Ed Slott](#). Author gives aging baby boomers a guide to the tricky process of managing and accessing their retirement funds while avoiding costly missteps.

The Investment Services Group at CommonWealth Central Credit Union offers financial planning and advice to the members of CommonWealth Central Credit Union. We specialize in offering a broad range of financial solutions to help you meet your long term financial goals. Whether your goals include planning for a secure retirement, saving for your child's education, saving for a home, or earning more on your investments, we can help. CommonWealth's on-site investment representatives (registered through CFS, our broker/dealer) are conveniently located at CommonWealth branches and are ready to help you plan for a more secure financial future. Call today to meet with your registered investment representative.