

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

## Consumer Sense

### Potential Tax Savings

Many of our members use tax-deferred investments such as IRA's or fixed annuities to supplement their retirement income. These investment vehicles can help put you one step closer to a comfortable retirement. Even if you already invest in a 401(k) or other employer-sponsored retirement plan, an IRA can add to your earning power. The first step is deciding which type of IRA, traditional or Roth, is right for you.

### 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. 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 2012. 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.

### Get Help From Our Financial Professionals

Our financial professionals can help you determine the financial path to follow in pursuit of your short-term and long-term financial goals. He or she will work with you to identify investment goals and develop a plan based on your individual needs. To schedule an appointment with one of our investment representatives, ask a branch staff member or go to our credit union website.

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

Source: [www.irs.gov](http://www.irs.gov)

## Have You Read...

*Your Complete Retirement Planning Road Map: A Comprehensive Action Plan for Securing IRAs, 401(k)s and Other Retirement Plans for Yourself and Your Family* by Ed Slott. This book provides an overview of every retirement savings account you own, from what it is and where it is to who gets it and how, plus where to put important data.

## 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!

Alex Bacay / Rich Keller  
PFS Financial Advisor  
717-263-4444 / 301-766-7328  
Alex Bacay - extension 4991  
Rich Keller - extension 2507