

# wealth news

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## Recent Legislation Changes Help You Save for Retirement

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.

### Senior Retirement Account Changes

With the passing of this 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amount would mean the individual would have to pay a 50 percent excise tax penalty of the amount that should have been withdrawn.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.

### Learn More!

Now is a great time to visit with the investment professionals at Bay Federal Credit Union to discuss your short-term and long-term goals, and learn how these proposed changes may impact you.

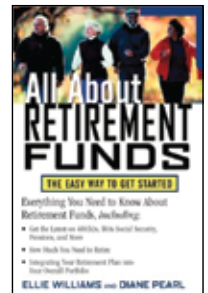
To schedule an appointment, call us at 831.479.6000 or toll-free 888.4BAYFED, option 7.

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



## WEALTH NEWS BOOK CLUB

*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.

## You have important decisions to make. We can help

Whether you are changing jobs or approaching retirement, let Bay Federal Investment Services guide you through all of your options.

You have many choices, including:

- **Rollover to an IRA (Individual Retirement Account)**
- **Leave your investment in a former employer's plan**
- **Rollover the balance into a new employer's plan**
- **Or take a cash distribution**

The greatest potential advantage of rolling over your retirement savings to either a new employer's plan or an IRA, is that your money continues to grow tax-deferred.

Did you know we have in-house rollover specialists who can discuss your options? Working with a financial professional can often add structure and purpose to your plans.

**Call us today!**

**831.479.6000 or**

**toll-free 888.4BAYFED, option 7**

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Our team is here to assist you  
with all of your investment needs.



### Interested in Learning More?

We specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call us to make 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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