

The Clock Is Ticking on 2009 IRA Tax Savings

If you haven't contributed to an individual retirement account (IRA) yet, do it now. You have until April 15, 2010, to open and contribute to an IRA for the 2009 tax year.*

IRAs are a smart way to save for retirement on a tax-favored basis. With a traditional IRA, earnings grow tax-deferred; you'll pay ordinary income taxes on withdrawals in retirement.** You may even be able to deduct your contribution, saving on your current tax bill.***

With a Roth IRA, you can't deduct contributions. However, earnings on the account may be withdrawn tax-free if you hold the account for at least five years and are at least age 59½ upon distribution.†

Contribution limits for 2009 and 2010 are \$5,000 or earned income, whichever is less. Taxpayers age 50 and older can contribute an additional \$1,000. In general, you must have earned income to open an IRA, but non-income-earning spouses of income earners can open their own IRAs.

Good (Roth) News for 2010

Prior to 2010, taxpayers with modified adjusted gross incomes above \$100,000 and married taxpayers filing separately could not convert from a traditional to a Roth

IRA. Effective Jan. 1, 2010, anyone can convert to a Roth IRA. Ordinary income taxes will be due on the amount of the conversion, but if you convert in 2010, you may choose to split the tax bill between 2011 and 2012.

The new law does not eliminate the income eligibility requirements to open or contribute to a Roth IRA, but that doesn't prevent you from opening a traditional IRA and then converting it to a Roth.

Start Today

The sooner you start saving, the longer that tax-advantaged compounding can work for you. If you have questions about opening a traditional or Roth IRA or converting to a Roth, contact Central Coast Federal Credit Union at (831) 393-3480 or visit www.centcoastfcu.com.

* You can make contributions for the 2010 tax year from Jan. 1, 2010, to April 15, 2011.

** Premature withdrawals are subject to a 10% tax penalty.

*** Deductibility depends on whether you or your spouse participates in an employer-sponsored retirement plan and, if so, your income.

† Nonqualified withdrawals are subject to ordinary income tax plus a 10% penalty.

This financial institution does not give tax advice. Consult your tax advisor for information specific to your situation.

A Healthier You This Winter

As the weather gets cooler and colds and flu become more common, it's important to do everything we can to stay healthy. Read on for a list of easy things you can do to help keep yourself healthy.

- 1. Wash your hands** thoroughly and often.
- 2. Exercise regularly.** It generates endorphins that strengthen your immune system.
- 3. Get enough sleep.** Aim for at least seven hours a night.
- 4. Eat your veggies.** Try to eat five to nine servings of fruits and vegetables each day.
- 5. Check your stress levels.** Try to keep stress at bay, as long-term stress can suppress your immune system.
- 6. Ask your doctor whether you should take a multi-vitamin.** It may help ensure your body is getting the vitamins it needs.
- 7. Sand your slippery walkways** to help avoid slips and falls.
- 8. Drink plenty of water.**





Farsighted Footsteps toward a Relaxing Retirement

Do you know anyone retirement age – or nearing it – who is still grinding out the nine-to-five? Does he or she seem a little cranky lately? Retirement security is a huge source of stress for baby boomers. Only 44% believe they could afford to retire and live comfortably for five years, according to a recent Watson Wyatt survey.* Only 18% said they could last 15 years. As a result, many boomers are staying on the job longer than they ever dreamed – or wanted.

Crank up Your Planning from the Start

You're just starting out and retirement is not even a glimmer in your eye. But that's exactly what many boomers thought back in the day, too. More than a quarter of boomers thought "hardly at all" about retirement, according to the National Bureau of Economic Research.** And many of the boomers who did save, didn't save enough. The median value of retirement accounts for those between the ages of 55 and 64 is just \$100,000.*** For a 65-year-old with an average life expectancy of 19 years, that's not much to live on.†

Get cranking today on building a firm financial footing so that you don't have to be cranky when you should be enjoying your retirement.

Manage your debt. College costs have soared beyond what part-time and summer jobs can cover. The average graduate owes thousands of dollars before he or she even steps off campus. Easy access to high-interest credit cards exacerbates the problem for some. Research repayment possibilities and develop a manageable plan so that a mountain of debt doesn't come between you and your goals.

Build strong assets. Typical boomers hold about half of their wealth in housing equity.** Buying a home can be a smart move – and beats leasing – but depending too much on housing equity can make you vulnerable if another mortgage crisis hits in 30 years.

Participate in your employer-sponsored retirement plan. You will benefit from tax advantages. For example, your contributions are automatically deducted before taxes, lowering your current tax bill. You can't spend the money in your plan now, but that's a good thing because it compounds over time.

Create your own safety net. Social Security used to provide a base retirement income you could depend on. But the future of Social Security is uncertain, so a good rule of thumb may be to plan on needing at least 75% of your preretirement income to maintain your standard of living in retirement. However, health conditions and other factors may require more.

Act Now to Prevent Mistakes Later

Boomers may not be the best role models when it comes to retirement planning. But there is a lot to learn from their mistakes. An experienced investment professional can help prevent needless mistakes of your own. Call us at **(831) 393-3480** and we will help you get started on the road to retirement.

* Source: Watson Wyatt, "Effect of the Economic Crisis on Employee Attitudes Toward Retirement," June 2009.

** Source: National Bureau of Economic Research, "Baby Boomer Retirement Security: the Roles of Planning, Financial Literacy, and Housing Wealth," October 2006.

*** Source: CRS Report – Older Workers: Employment and Retirement Trends, September 2007.

† Source: Centers for Disease Control and Prevention, www.cdc.gov.

Snippets

Spotlight on ... the Winter Olympics

Vancouver, British Columbia, is hosting the XXI Olympic Winter Games Feb. 12-28.

The Olympic Flame will be carried by 12,000 torchbearers. The torch relay, Oct. 30, 2009, through Feb. 12, 2010, will visit more than 1,000 communities throughout Canada.

The Winter Games include 15 sports and 86 medal events. Approximately 2,500 athletes will compete.

Alpine ski racers can reach speeds of more than 80 miles an hour.

The youngest Olympic medalist in an individual event was U.S. athlete Scott Allen, who won a bronze medal in figure skating at the 1964 Games, two days before his 15th birthday.



The oldest Winter Games medalist was Swede C.A.V. Kronlund. He won a silver medal in curling at the 1924 Games, when he was 59 years and 61 days old.

Ticket prices for the opening ceremony are \$175 to \$1,100 (Canadian). For figure skating events, prices are \$50 to \$450. For ski jumping, they're \$80 to \$210. A Canadian dollar is worth about 92 cents in U.S. dollars.

Source: www.vancouver2010.com.

Branch Locations

We have four convenient branch locations to serve you.

Please use our Main Branch address for all general correspondence and loan payments.

King City

Alma Garcia, Branch Manager

510 Canal St.

King City Center

King City, CA 93930

Phone: (831) 386-0376

Fax: (831) 386-0166

Hours: Tuesday – Thursday, 9:30 a.m. – 5 p.m.

Friday, 9:30 a.m. – 6 p.m.

Saturday, 9:30 a.m. – 2 p.m.

NOTE: An ATM is located near the front entrance.

Soledad Branch

Celida Hinojosa, Branch Manager

315 Gabilan Rd.

Soledad, CA 93960

Phone: (831) 678-2579

Fax: (831) 678-2825

Hours: Tuesday – Thursday, 9:30 a.m. – 5 p.m.

Friday, 9:30 a.m. – 6 p.m.

Saturday, 9:30 a.m. – 2 p.m.

NOTE: An ATM is located near the front entrance.

Salinas Branch

Helen Dunston, Branch Manager

900 S. Main St.

Salinas, CA 93901-2405

Phone: (831) 422-2325

Fax: (831) 422-1597

Hours: Monday – Thursday, 9:30 a.m. – 5 p.m.

Friday, 9:30 a.m. – 6 p.m.

NOTE: An ATM and night depository are located in the rear of the building.

Main Branch (Ft. Ord)

Pearly Ruppert, Teller Supervisor

4242 Gigling Rd.

Seaside, CA 93955

Phone: (831) 393-3480

Fax: (831) 899-2572

Hours: Monday – Friday, 9 a.m. – 5 p.m.

Saturday, 9:30 a.m. – 2 p.m.

Holiday Closing

New Years Day – Friday, Jan. 1

Martin Luther King Jr. Day – Monday, Jan. 18
(Tuesday, Jan., 19, for Soledad and King City)

Presidents Day – Monday, Feb. 10
(Tuesday, Feb. 11, for Soledad and King City)

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Compliance Manager

Carmen Tuiolosega,

Accounting Manager

Marco Lim, IT Manager

Molly Ardinger,

Administrative Assistant/

HR Specialist

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This insurance may not cover an advance or charge under your credit line if your disability or death results from a condition for which you have seen a doctor or chiropractor in the six months before the advance or charge.



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