



C A S C O  
FEDERAL CREDIT UNION

## Funding Your Retirement

Saving for retirement may seem like a goal that is far in the future. Yet saving, especially for retirement, should start early and continue throughout your lifetime. While the prospect of saving enough money to fund a retirement account may seem frightening, the reality is the sooner you start, the better off you will be. Most people turn to five major sources to fund their retirement: pensions or profit sharing plans, tax-sheltered plans, Individual Retirement Accounts, Social Security, and personal savings.

### Pension or Profit Sharing Plans

Many employers offer pension or profit sharing plans to their employees. Your employer's human resources department will be able to tell you what your plan offers and how much your benefit will be worth when you retire. If you are thinking about changing jobs, be sure to find out what will happen to your current pension or profit sharing benefits if you leave.

### Tax Sheltered Plans

If your employer offers a tax sheltered savings plan, such as a 401k, you should definitely sign up and contribute whatever you can. Your 401k contribution will be deducted from your pay before taxes, so the amount you set aside for retirement will be more than the amount you lose from your paycheck. Many companies are willing to match the amount of your deposit up to a certain percentage. Overtime, compound interest, tax deferrals and employer contributions will make a big difference in the amount you accumulate.

### Individual Retirement Accounts

Most taxpayers can put up to \$5,000 a year into an Individual Retirement Account (IRA) and receive tax advantages. There are a few different types of IRAs (Traditional, Roth, SEP IRA, etc.) and the types of tax advantages you receive will depend on which type of IRA you choose. Check with your financial advisor or tax professional to see which type of IRA will work best for you.

### Social Security

Social Security was never intended to be your main source of income during retirement, but sadly that is the reality for many people. Social Security pays the average retiree about 40% of their preretirement earnings. If the Social Security Administration has not recently mailed you a statement showing your lifetime contributions and projected benefits, you can contact them at (800) 772-1213 to request one. You can also find out more about your benefits at [www.socialsecurity.gov](http://www.socialsecurity.gov).

### Personal Savings

While setting aside money in your personal savings account does not offer the tax benefits of a 401k or IRA, it will help ease the burden of funding your retirement entirely through other means. Having funds in a savings account will also allow you to delay withdrawing funds from your 401k or IRA. With a personal savings account, you will not have to worry about early withdrawal penalties if you need some of the money before reaching retirement age.

Casco FCU members can also take advantage of our Financial Advisor, Debbie Hegarty from Northern Capital Securities by calling 1-800-248-8555 or e-mailing [DVH@Northerncapital.com](mailto:DVH@Northerncapital.com). Debbie specializes in:

- ✓ Retirement Planners
- ✓ IRA's and 401k's
- ✓ College Funds
- ✓ College Cost Estimators
- ✓ Tax shelters for the self-employed
- ✓ Establishment of 401k plans for businesses