

Retirement Planning

Despite what may have happened to your retirement savings in the past year, hopefully you are still proactively involved in the planning of your future. And if you have never started thinking in that direction, we have just come through a period of time that should convince you whatever you can do to prepare for retirement is more important than ever.

If you are somewhat discouraged by our economy's performance in the last year, it doesn't justify forsaking retirement planning for good. One of the most important things you need to do is survey what remains of your retirement, the current earnings of those assets, and then take a look at their performance from the last 90 days. If you don't like the current direction of your investments, it's important to talk with your investment advisor about options.

There are many ways to diversify your retirement portfolio. If your employer offers a retirement plan, for instance, participate in it if it is competitive enough to earn a good return.

If you can participate in a 401(k) plan, know the basics of what that plan covers and where most of the money – whether yours or matched funds – is invested. Does it usually have a competitive return? If you are already participating in a 401(k) program, you may want to take a look at its performance from the last calendar year, and the trend of the plan since the beginning of 2009.

Remember, most employee sponsored 401(k) plans defer your taxes until you retire and begin to withdraw your funds. Those taxes then come due during your retirement years. The IRS requires 401(k) plans to have specified withdrawal amounts each year, whether you wish to withdraw them or not. This is why some retirement plan owners have rolled their 401(k) investments into a Roth IRA prior to retirement. You would want to work closely with your tax or investment advisor before you make such a change.

Most savings plans offer you the opportunity to buy mutual funds or other kinds of investments for diversification purposes. If you consistently read the reports you receive from those who hold the assets, it will be easier to understand the performance of your accounts.

If you are uncomfortable directing your own account, it is always wise to seek help from experienced brokers and financial planners who can offer their knowledge along with available options.

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