

How To Select An Accountant

Whether or not you need the services of a professional accountant depends on a number of factors. Regardless of your situation, even if you prepare your own tax returns, with reasonable income and a number of deductions, because of the complexity of today's tax laws, most financial advisers will tell you that it's wise to have an accountant at least review your return before you file it - even if you've been preparing your own returns for years; and are sure you're correct.

It's the old "ounce of prevention" adage...

So, how do you choose the right accountant? If you don't know any professional accountants personally, talk with friends for their suggestions. Other good sources for references about trustworthy accountants include your financial planner, your employer's accounting department and your banker, attorney or stockbroker. But, even with these references, you need to make sure you feel comfortable with the accountant you select. How much experience does he or she have? Do they share similar interests? Make a good, stable impression? Make you feel comfortable? Speak in terms you understand?

Beware of those promising "big refunds"! Remember, no matter how much you pay in taxes, or who prepares the return, as the taxpayer, you are the one who bears the ultimate responsibility for the accuracy of your returns.

And, finally, remember that if you have confidence in your accountant, you'll get better input — and, you'll likely sleep much better once your return is filed each year; or whenever you need tax advice. §

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Money Letter

Ideas & Strategies for Success

Your Financial Future Starts Now. How To Capitalize On A Traditional or Roth IRA.

Financial planners advise that most people need between 60 percent and 75 percent of their annual earnings to maintain their lifestyle after retirement. The benefits from company-sponsored pension plans, even when combined with monthly Social Security payments, often fall short of retirement needs. That's why so many people have turned to Individual Retirement Accounts (IRAs) to prepare for retirement years.

Two Types of IRAs

Traditional IRAs allow you to save for retirement, and also possibly to enjoy the benefits of an immediate tax shelter for contributions you make to your IRA in a given year.

Traditional IRAs are a great way to build retirement wealth because of the account's tax benefits. Their key features are:

- **Tax advantages, depending on your situation**
- **Contributions grow tax-deferred**
- **Taxes applied when you take funds out during retirement**

Roth IRAs may be the leading personal retirement planning tool and savings account available. The eligibility rules are pretty simple — anyone can contribute to a Roth IRA, regardless of age.

Roth IRAs are a smart solution, especially if you expect a higher income and tax bracket in the

future. Their principal features are:

- **No immediate tax advantages**
- **Contributions grow tax-deferred**
- **Contributions can be taken out tax-free within certain constraints**

Traditional and Roth IRA Contributions for 2009

Your contributions to a Traditional IRA might be tax deductible depending on whether you or your spouse participates in an employer-sponsored retirement plan such as a 401(k), 403(b), or pension plan.

- **Fully deductible if neither you nor your spouse participates in an employer plan**
- **Limited deductibility if you or your spouse participates in an employer plan**

Your contributions to a Roth IRA:

- **Are made on an after-tax basis**
- **Can be made in addition to contributions to a Traditional IRA (including a Rollover IRA or SEP-IRA) or other employer-sponsored retirement plan. You may contribute simultaneously to a traditional IRA and a Roth IRA (subject to eligibility) as long as the total contributed to all (traditional or Roth) IRAs totals no more than \$5,000 (\$6,000 age 50 and older) for 2009.**

Withdrawals

Traditional IRA withdrawals are as follows:

- **All earnings and deductible contributions are taxable upon withdrawal.**
- **Penalties will be assessed if withdrawals are taken before age 59½ or not taken by age 70½.**

For Roth IRAs, withdrawal are as follows:

- **Contributions can be withdrawn at any time without taxes or penalties.**
- **Earnings can be withdrawn without taxes or penalties if you are 59½, and your account has been open five years or more.**

Investment Options

Nearly all regular investment vehicles are available for investment within the IRA you choose, including certificates of deposit, money market accounts, stocks, bonds, government issues and government agency bonds, mutual funds, even real estate investment trusts that are accepted and registered.

The law does prohibit IRA investment in collectibles such as art objects, antiques, rugs, gems, gold or silver coins (except those minted in the US), stamps, or alcoholic beverages.



FINANCIAL PLANNING

Debt Consolidation: A Good Idea... Or A Financial Trap?

Debt and debt problems tend to sneak up on people when they least expect it. As a result, many consumers have addressed this problem by taking advantage of the equity in their homes and lower rates on home equity lines of credit.

Most banks work with customers who find themselves in this budget-compromising situation, especially if they're long-term customers.

The actual consolidation process involves canceling certain charge and credit cards, and charge accounts. Those who consolidate debt with help from their bank enter into an agreement through which the bank pays off their outstanding accounts. They then pay off the debt to the bank with a mutually agreed upon monthly payment at a reasonable interest rate.

Here are some key red flags that may indicate you have too much debt:

- Making only minimum payments on credit cards;
- Using one credit card or cash advances to make payments on another credit card account;
- Living from one paycheck to the next;
- Regularly paying bills "late;"
- Shopping for "recreational" purposes rather than for things you/your family really need.

If you know you experience any of these or similar financial habits, arrange a meeting with a debt counselor or personal financial planner. You may prefer a private and completely confidential meeting with one of our lending officers.

Regardless of the solution you choose, if you think you have too much debt, you probably do. So seek help and take action — today. \$

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Avenues For Investments

Your retirement funds can be invested through a domestic trust or a custodial account, the trustee or custodian being a financial institution, investment firm, or other organization qualified to act in this capacity. Or, you can invest funds directly in individual annuity contracts issued by insurance companies that provide flexible premium payments.

You can open as many IRAs as you like, providing your total annual contributions do not exceed the allowed limits.

For the 2009 tax year, the contribution limit to a Traditional IRA or a Roth IRA is \$5,000 (\$6,000 for those over 50).

Additional Considerations

One of the principal concerns of long-term savings plans is the assurance that the principal will be secure over time. In the recent market fallout, millions of Americans holding stocks, mutual funds and other market-exposed investments saw the values of their retirement funds plummet.

However, those consumers with well diversified IRAs holding stable, interest-bearing instruments such as CDs and Money Market funds, to name a few, enjoyed greater stability and wealth preservation.

So, when opening an IRA or adding to your IRA funds, we believe it is highly important to take a more conservative and long-term view of your IRA investments.

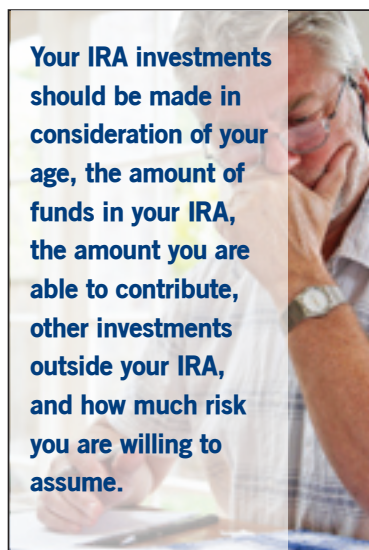
Whether you opt for CDs, variable-rate money market accounts or a self-directed investment plan, your long-term success will depend in great part to how involved you want to be in handling your IRA

portfolio and on your perception of the financial markets.

Your IRA investments should be made in consideration of your age, the amount of funds in your IRA, the amount you are able to contribute, other investments outside your IRA, and how much risk you are willing to assume. Generally speaking, you should reduce your risk the closer you are to retirement.

To make the most of your IRA opportunities, be sure to talk with your accountant to determine which IRA options are best suited to you — or your family's — needs. Set realistic goals. And, once opened, check on the status of your account periodically to make sure

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those goals are being met.

Finally, perhaps the most important element for having a successful IRA is placing the funds with an individual or institution with a sound track record, and whom you have reason to trust. Security Federal would be pleased to help you establish a retirement program that will help you meet your financial objectives. \$

Money Tips



Find All The Banking Services You Need...

Make our web site work for you! In just minutes it can give you all the details about the services you need — from the convenience of your home or office. Just visit www.SecFedBank.com.



Platinum Checking: Great Money-Saving Flexibility That Pays You Interest!

Probably the most used banking service in most households is the checking account. And, at Security Federal, our top tier transaction account is Platinum Checking.

So, if you maintain a minimum average balance of \$2500, you can write an unlimited number of checks — and you earn interest on the funds in your account. The larger your balance, the higher the rate of interest you earn. Other Platinum Checking benefits include:

- Unlimited Check Card transactions
- 50 free checks and a MasterCard Debit Card when you open your account
- No fee for your ATM/Debit Card
- Convenient image records of your checks with each monthly statement

To learn more about Platinum checking, call or visit any Security Federal Savings office today or come see us on the web: www.SecFedBank.com.

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