



Retiring Minds Want to Know! Should You Convert to a Roth IRA?

For more than 35 years, traditional individual retirement accounts (IRAs) have provided tax advantages – including tax deferral and the potential for a tax deduction – to people saving money for retirement.*

Roth IRAs were introduced in 1998, offering a different set of advantages, including the potential for tax-free withdrawals. But there were limitations on who could convert a traditional IRA to a Roth IRA. Now, that has changed.

Q: What's new?

A: Effective Jan. 1, 2010, conversions from a traditional to a Roth IRA are no longer limited to taxpayers with a modified adjusted gross income of \$100,000 or less, as they were prior to that date. In addition, married couples who file separately are no longer prevented from making a conversion. Now anyone can convert a traditional IRA to a Roth IRA.

Q: What are the tax consequences of converting to a Roth?

A: You owe ordinary income taxes on all or a portion of the amount converted, depending on whether you made deductible or

nondeductible contributions to the traditional IRA. Usually, the tax is due when you file a federal income tax return for that year. But if you make the conversion in 2010, you have two options: 1) include the conversion on your 2010 tax return or 2) split it equally between your 2011 and 2012 tax returns.

Q: What are some potential advantages of converting a traditional IRA to a Roth IRA?

A: Distributions from a Roth IRA are tax-free if you're age 59½ or older and have held the account at least five years.** You are not required to begin taking minimum distributions at age 70½, as you are with a traditional IRA. Distributions are not required during the original account holder's lifetime (but they are required for beneficiaries). And if you leave the account to heirs, your beneficiaries can receive the assets tax-free.

Q: What are some reasons I might not want to make the conversion?

A: Converting may not make sense if you:

- Don't think you'll be in the same or a higher tax bracket in retirement. The taxes you pay on the conversion could end up being higher than the taxes you'd pay when making withdrawals from your traditional IRA, if you didn't convert it.
- Can't pay the taxes on the conversion from sources other than your IRA. If you're younger than age 59½, you'll probably owe a 10% penalty on IRA funds withdrawn to pay taxes. And in any case, you'll lose

the potential benefit of tax-free growth on that amount.

- Don't have a long enough time horizon to allow a Roth's tax-free earnings to compensate for the taxes you pay on the conversion.

OPEN YOUR IRA AT SACRAMENTO CREDIT UNION

Regardless of whether you choose a traditional or Roth, an IRA is a great way to save for retirement. At Sacramento Credit Union, you just need \$25 to establish an IRA share account, or a \$500 minimum balance on IRA Certificates. There are no annual fees, so more of your money is working for you. And, you have the peace of mind of NCUA insurance up to \$250,000.

You have until April 15, 2010, to open and contribute to an IRA for the 2009 tax year, and you can contribute for the 2010 tax year anytime from now through April 15, 2011. Call (916) 444-4070 today, stop by your nearest branch or visit www.sactocu.org and click "IRAs" from the "Personal" menu to learn more.

* Taxes will be due upon withdrawal at ordinary income tax rates. Premature withdrawals – generally, those made before age 59½ – may be subject to a 10% tax penalty, as well.

** Premature withdrawals – generally those made before age 59½ or within five years of opening the account – may be subject to ordinary income taxes and a 10% tax penalty.

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Calendar of Events

Feb. 15, 2010 – Presidents' Day
SCU Offices Closed

Feb. 18, 2010 – Annual Meeting
7 p.m.
800 H Street

GREAT DEALS ON WHEELS AND FINANCING

Come to the Roseville Automall Presidents' Day Sale February 12-15

Need a new or used set of wheels? Shop 16 dealers at once at the Roseville Automall Presidents' Day Sale! The sale features:

- Special pricing for credit union members on used vehicles.
- Fleet pricing available on new vehicles.

Plus, Sacramento Credit Union is discounting our already-low auto loan rates just for this sale.* See the statement insert for details. See you at the sale!

* Underwriting policy guidelines apply. Rates, terms and conditions subject to change without notice.

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Branch Hours

Mon. - Thurs. • 9 a.m. to 5 p.m.
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All Offices

Phone: (916) 444-6070
Toll Free: 1(888) SACTO-01
24-Hour LoanAccess Line
Toll Free: 1(877) 444-LEND
E-Z Access: (916) 441-2255
Toll Free: 1(800) 397-2255

Elk Grove

9160 E. Stockton Blvd., Ste. 120

Fair Oaks

8100 Madison Avenue

Sacramento

3660 Bradshaw Road
800 H Street
3045 Arden Way, Ste. 200
6121 Franklin Blvd.
Kaiser Hospital*
6600 Bruceville Road
* Limited hours of operation.

www.sactocu.org

Home Loans

www.SCUhome.com
(916) 441-LOAN

SCU Investment Services

(916) 444-8599, ext. 3112

**Personal Auto Shopper
Autoland**

(916) 449-2763

February 14 Is Valentine's Day Share the Love! Refer a Friend



Sacramento Credit Union has remained true to our mission as a member-owned financial cooperative providing better value to our members.

And member satisfaction continues to be one of our top priorities. When our members are satisfied, they spread the word to their families and friends.

AS A MEMBER, YOU HOLD THE KEY

Membership at Sacramento Credit Union is available to those who live or regularly work in El Dorado, Placer, Sacramento, Solano, Sutter, Yolo and Yuba counties.* As one of our members, you hold a valuable key to pass on to your family and friends. Immediate family members and members of your household are eligible for credit union membership. Your spouse, children, grandchildren, parents, grandparents, siblings, stepchildren and stepparents are all encouraged to join. You can also invite your friends and co-workers who meet our membership eligibility requirements.

COUNT THE WAYS WE IMPROVE LIVES

Credit union members benefit from:

1. **Lower rates on loans.**
2. **Higher dividends on savings deposits.**
3. **No-surprise credit cards with competitive rates.**
4. **Lower fees (or no monthly service charges) on checking accounts.**
5. **More ways to bank.** Online, phone banking and local branches in your neighborhood.
6. **Friendly service.** Personalized solutions to meet financial needs.

WE'RE HERE FOR YOU

Because your credit union membership lasts a lifetime, even if you change jobs or move away, we are still here for you. You will continue to receive all the rewards your credit union membership brings you – unparalleled service and convenient, worldwide account access. If you know someone who could benefit from credit union membership, invite them to check us out. Encourage them to stop by one of our branches, call **(916) 444-6070**, or apply for membership online at

www.sactocu.org. Click "Become a Member" at the top of the page.

* Membership in Sacramento Credit Union requires a \$30 deposit (\$55 if you are opening both a Savings and a Checking Account). A one-time nonrefundable \$5 membership fee will be deducted from your initial deposit.

According to the Credit Union National Association, credit unions currently serve 87 million members with affordable financial services. And those credit union members save \$8 billion dollars each year vs. people who bank at banks.

INVEST IN SACRAMENTO

**Holiday Promotions
Benefit Sacramento's Kids**

Sacramento Credit Union celebrated the holiday season with promotions designed to help the children of our communities. Our Skip a Loan program netted \$2,425 for Sacramento Children's Home, a nonprofit agency providing services to troubled or abused children in the Greater Sacramento area.

And our holiday stocking sale resulted in a tidy donation to the Children's Miracle Network, a nonprofit institution that supports children's hospitals. In our area, the designated hospital is UC Davis Children's Hospital.

Sacramento Credit Union extends its thanks to all our members and employees who help make our communities better places to live by Investing in Sacramento.

