QUARTER 1 2012

focus on Retirement

A NEWSLETTER TO HELP YOU PREPARE FOR RETIREMENT

Savers Credit-Do you Qualify?

Are you aware of the Internal Revenue Service's retirement "Saver's Credit" that is available to low-to-middle income workers who are saving for retirement?
Most Americans aren't, according to a recent Retirement Survey by Transamerica. Just 21% of American workers with annual household incomes of less than $50,000 are aware of the credit, and it can reduce an eligible taxpayer's federal income tax dollar-for-dollar!

For those workers aged 18 or older who have contributed to a company sponsored retirement plan or IRA in the past year and meet the Adjusted Gross Income Requirements, the Saver's Credit may be applied to the first $2,000 of voluntary contributions made to a 401(k) or similar employer sponsored retirement plan, or an IRA. Credits of up to $1,000 for single filers, and $2,000 for married couples are available.

Single filers with an adjusted income of up to $28,250 in 2011 or $28,750 in 2012 are eligible. For the head of a household, the adjusted income limit is $42,375 in 2011 or $43,125 in 2012. For those who are married and file a joint return, the adjusted income limit is $56,500 in 2011 or $57,500 in 2012. Additionally, the filer cannot be a full-time student or be claimed as a dependent on another person's tax return.

If you feel you may qualify for this credit and would like more information, please contact your employer. They can contact us for additional information to provide to you. Or, go to www.noblepension.com and click on Participant Education in the "for Participants" section of our website.

This information is for general information purposes only and not intended to be an individualized recommendation or planning advice.

Build a Healthier Nest Egg by Avoiding These Five Mistakes

Sure, it's easy to blame the market for our measly retirement accounts, but we also make plenty of mistakes on our own that end up costing us tens of thousands of dollars before we reach retirement age. Here are five things to avoid in order to build a bigger nest egg:

1) **Lack of Information** - a recent survey found that almost half of Americans have "no clue" how much money they need to retire. And another report shows only 1 in 10 people do any sort of calculation at all! This could explain why the average American is on track to replace less than 60% of their income during retirement-far less than the recommended 80%. Part of the problem seems to be that people don't believe that they can find information for free, but there is plenty of information available-including online retirement calculators to help you.
2) **Failing to avoid high fees** - New research suggests that consumers are not good at avoiding the higher fees, even if they know about them. A RAND study asked more than 1,000 participants to invest in funds carrying different fees. One fund was clearly the best; it offered the lowest fees, as well as the lowest sales commission charge, and had a return equal to the other funds. Only half of the people selected this fund...and one third put their money in the most expensive fund.
3) **Relying on bad assumptions** - The RAND study also found that investors have a tendency to rely on faulty "rules of thumb" when making investment decisions that lead them astray. For example, they tend to hold a limited range of equities, focusing on company stock for instance, which can wipe out their retirement account if the company collapses. They also tend to make their decisions once and stick with it, rather than make changes even when their investment advisors recommend more conservative investments as retirement nears.
4) **Getting overwhelmed with information** - The RAND study found that more information, in the form of a graph showing the effect of fees, actually resulted in poorer decision making, especially among those with low financial literacy scores. The researchers believe that participants may have felt overloaded with information.
5) **Relying too heavily on 401(k)s alone** - Remember that your 401(k) is just one part of the "3 legged stool" for your retirement plan. The other two are personal savings and Social Security. People find it difficult to save any money beyond their employer sponsored programs, and relying exclusively on Social Security is just as problematic, since most people's Social Security checks alone won't provide for a comfortable retirement.

"Retirement is like a long vacation in Las Vegas. The goal is to enjoy it to the fullest, but not so fully that you run out of money." - Jonathan Clements

This newsletter provided courtesy of Noble-Davis Consulting, Inc.

celebrating 20 years

NOBLE DAVIS CONSULTING, INC

PEACE of MIND