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## **PRESS RELEASE**

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### **MAKING YOUR MONEY LAST THROUGH RETIREMENT**

*Higher IRA Contribution Limits Will Help Seniors Build Their Nest Egg*

**SAN DIEGO, January 28, 2008** – According to the Federal Deposit Insurance Corporation (FDIC), today’s seniors can expect to have a longer retirement than their parents’ generation. In fact, today’s seniors live approximately 30 to 40 years after retiring at age 65.

While a longer retirement may sound simply relaxing and enjoyable, it also comes with a stipulation - the burden of stretching your savings over the course of more years. And with increased spending and decreased (if any) income, the golden years may not be so “golden”. Visions of retirement may be filled with pleasant vacations and hobbies, but in reality, today’s seniors must also learn to manage their finances wisely so that their money lasts throughout this longer retirement period.

The good news is that new IRA contribution limits recently took effect – making it easier for seniors to secure a larger nest egg before retirement. The annual contribution limit to traditional and Roth IRAs was increased by \$1,000. That means that the annual limit is now \$5,000 for anyone under age 50 and \$6,000 for those 50 and over.

One thousand dollars a year may not seem like very much, but it’s important to consider the long-term benefits. If you are 40 and planning on retiring at 65, it could mean an extra \$79,000 for you if the money increases at an average 8 percent interest rate. While this helps tremendously in building a nest egg, it is more important now than ever to be able to effectively manage your money to last throughout longer retirement years.

**San Diego Metropolitan Credit Union (SDMCU) would like to offer the following tips on how to spend and save money during retirement to make your money last:**

**Where do I start?**

First and foremost, it is always important for seniors to consult with a financial advisor, as well as other family members, in order to come up with the most effective strategy for managing their finances.

The first step is to examine any Social Security, IRA and 401(k) accounts that may be available. By utilizing these accounts, seniors may be able to effectively plan a strategy to make their money last and still enjoy the “dream” retirement.

Next, sit down and develop a strategy with your advisor to spend money wisely. If seniors are able to use the newfound or existing income, and are managing their spending, then retirement can be filled with pleasurable activities rather than worrying about finances.

**Withdraw From Taxable Accounts First**

It is important to remember to withdraw money from taxable accounts rather than tax- advantaged accounts during retirement. By withdrawing money from taxable accounts you will be taxed less while your tax-advantaged accounts continue to grow tax free.

## **Working Part Time Makes Your Money Last Longer**

You will be retired for 30 to 40 years -- maybe more -- and that is a long time to spend in a rocking chair. If able and willing, working a part time job not only improves your social life, it can lead to an income that will allow you to rely less on spending money from your nest egg. In fact, 70 percent of baby boomers expect to work during retirement.

Some retirees start their own businesses or share their professional knowledge through teaching. The key is finding something that you enjoy doing. If you like animals, start your own pet-sitting business. Bringing in this supplemental income is a smart way to make your money last.

## **Make A Plan**

It is important to have a well-thought out plan going into retirement. Consider your living situation. Moving to an area that has lower living expenses can be a great way to save money. If you live in an expensive area, moving to a low cost location can not only save on housing costs but can lower your general costs of living as well.

Also, make sure your debt retires with you. Entering retirement with huge credit card bills or outstanding loans is a big mistake. Find ways to cutback and climb out of your debt well before retirement. Hunting for senior citizen discounts, planning meals, shopping in bulk, and using coupons are all valid ways to cut down your spending costs.

It is important to manage money wisely in order to live retirement to the fullest. After all the years of hard work, retirement should be a happy time in life, not one filled with stress and worry over finances. For more information, and to get the facts about San Diego Metropolitan Credit Union's services, please visit [www.sdmcu.org](http://www.sdmcu.org) or call (619) 297-4835.

- WHO:** San Diego Metropolitan Credit Union
- WHAT:** Seniors and Finances: Managing Money to Last Through Retirement
- WHEN:** Interviews are available immediately and ongoing
- WHERE:** In-studio or phone interviews with San Diego Metropolitan Credit Union

*San Diego Metropolitan Credit Union (SDMCU) is committed to its community and members and provides services to families and individuals to manage their personal finances. SDMCU has been in business since 1934 and serves over 20,000 members. SDMCU's corporate headquarters are located in San Diego and information about SDMCU is available on the worldwide web at [www.sdmcu.org](http://www.sdmcu.org).*

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