

**For additional details, contact:**

Amy Lewis  
Strategy Communications  
Phone: (619) 713-0622  
Email: [Amy@scpublicrelations.com](mailto:Amy@scpublicrelations.com)

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## **PRESS RELEASE**

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### **MENDING A CRACKED NEST EGG** *How Pre-retirees Can Get Through The Recession*

**SAN DIEGO, March 31, 2009:** There is no doubt that the current recession is hitting our senior citizens the hardest. According to Smart Money, investors have lost more than \$2 trillion in their retirement savings since mid-2007. If you are nearing retirement then you simply do not have the time to wait for the market to correct itself. As you watch your 401(k) fall, it may be tempting to withdraw your nest egg early but the fees could end up hurting you even more.

The key to protecting your nest egg in a weak economy is to conduct a comprehensive financial check up before making any drastic changes.

**San Diego Metropolitan Credit Union weighs in on protecting your nest egg, and discusses remedies for climbing out of this danger zone:**

#### **Review Your Investments**

It is important to find the balance between conservative and aggressive investments. Being too conservative may never offer you a high enough yield to get through a thirty or more year retirement. However, being too aggressive can be just as damaging. According to the Employee Benefit Research Institute, nearly four out of ten 401(k) participants in their mid-50s to mid-60s had 80 percent or more of their account invested in stocks in 2006. This aggressiveness is part of the reason that pre-retirees have been so affected by the state of the market.

T. Rowe Price Group, Inc. advises people early in retirement to keep 40% to 60% of their portfolio in stocks. But talk to a financial advisor to determine an appropriate investment balance that will obtain high return value and keep you comfortable.

#### **Reassess Your Retirement Date**

If you are able to work a few extra years, do it. This will give your 401(k) time to correct itself so you are not forced to settle for a smaller nest egg. Keep in mind that when crunching the numbers you should plan on your nest egg lasting you more than 30 years.

#### **Take Action**

There are several ways you can cut back expenses in order to maximize your income throughout retirement:

- ***Change of Lifestyle:*** When seniors retire, their steady income is replaced by a retirement income that is approximately 30 percent lower than what they earned before, according to the San Diego Union-Tribune. This reduction in salary is often challenging, and results in

overspending or borrowing funds to pay for day-to-day expenses. Create a budget and look at what expenses can be reduced.

- **Plan Ahead:** To help alleviate elderly debt, it is important for the elderly population to be educated on the financial realities of retirement and fixed income living. It's critical for prospective and current retirees to remain abreast of the financial services available to them – even “everyday” services such as savings, loans and checking accounts can vary. Education is a first step in helping address the challenges and pitfalls faced by this change in lifestyle.
- **Withdraw From Taxable Accounts First:** 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 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.

**We invite you to discuss the topic with a representative from San Diego Metropolitan Credit Union.**

**WHO:** San Diego Metropolitan Credit Union

**WHAT:** Protecting Your Nest Egg

**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 seniors 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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