



This Credit Union is of, by and for the People of Rohm and Haas

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Rollover IRAs Put You in Control

When you leave a company, one of the most important decisions you have to make is what to do with your 401(k) account. You have several options—you can leave the account where it is (depending on the amount), roll it into a traditional IRA (individual retirement account) or rollover IRA, roll it into your new employer's plan, or cash it out.



Unless there's a dire emergency, financial experts recommend not cashing out a 401(k) account. However, almost 63% of workers who leave a company do cash out—at a steep price.

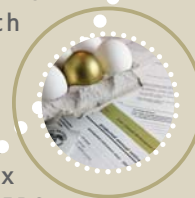
When you cash out a 401(k) account you'll have to pay ordinary income tax, plus a 10% penalty, and state and local taxes on your 401(k) distribution. That will leave you with only 40% to 60% of your 401(k) savings, depending on your tax bracket.

By rolling your 401(k) account into a Rohm and Haas Employees FCU IRA, you can take control of your retirement money and invest it the way you want to. A Rohm and Haas Employees FCU IRA is one of the safest and most convenient ways to invest your retirement money.

The Easy Way to Contribute to an IRA

It's never too early or too late to plan and save for retirement. Still, the closer you get to retirement, the tougher it becomes. With the hectic lives people live today, an easy, less time-consuming retirement investment is what they need. The solution is an individual retirement account (IRA).

In 1998, the Internal Revenue Service (IRS) made it easier to contribute to an IRA. Employers can allow employees to contribute to a traditional or a Roth IRA by direct deposit through payroll deduction. In addition, employees making direct deposits of deductible contributions to a traditional IRA may be able to adjust their federal income tax withholding to receive a more immediate tax benefit from their contributions. Check out the IRS Web site for more information (www.irs.gov).



Make your IRA habit-forming. At Rohm and Haas Employees FCU, we'll help you get your retirement plan off to the right start and make contributing to an IRA easy with direct deposit and payroll deduction.

IT'S A PIECE OF CAKE!

Automate bill payments and you'll have it easy—a piece of cake.

Simply set up recurring bills with the biller—utility company, insurance providers, mortgage lender, for example—and the biller automatically deducts the amount of your bill from your checking account.

Sign up for ACH (automated clearing house) electronic bill payment and forget about mailing checks, buying stamps, or paying in person. The best part—no worries about missed payments or late fees.



Those benefits are nice when things are running smoothly. Just imagine how much ACH will help if you end up in the path of a tornado or a flood, or are detained while away on business or pleasure.

Automate as many bills as you can, and make life a piece of cake.

Credits and Deductions Save You Tax Dollars

It's easy to miss credits and deductions you might qualify for. We'll look at some of these below. But first, a clarification: A tax credit and a tax deduction are not the same. A credit is almost always better because it reduces your tax liability dollar for dollar. A deduction only reduces the amount you pay taxes on.

Thus, a \$100 tax credit entitles you to knock \$100 right off your tax bill. With a \$100 tax deduction, you subtract \$100 from your taxable income. If you're in the 28% tax bracket, a \$100 tax deduction results in \$28 in tax savings.

New in 2006 are tax credits for energy efficiency, covering hybrid vehicles, heating and cooling systems, metal roofs,

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Credits and Deductions (continued)

insulation, windows and doors, solar energy systems, and fuel cells.

Most energy credits are modest. For instance, the maximum credit for qualifying energy-efficient windows is \$200. The total credit per tax year for all home energy improvements combined (not including solar systems and fuel cells) is \$500.

The hybrid vehicle credits range up to \$3,400 depending on a vehicle's weight and fuel economy. But the credits decrease after a manufacturer sells its 60,000th vehicle. For instance, Toyota reached that number for its Prius vehicles in May 2006. Anyone buying a Prius after Sept. 30, 2006, gets a \$1,575 tax credit instead of \$3,150, with further drops later.

As for credits that have been around for a while, here are some that tax specialists say taxpayers often overlook.

- **Retirement savings credit.** Most people know about the deduction for IRA (individual retirement account) contributions. But lower-income taxpayers also can take a credit for putting money in an IRA or qualified savings plan.
- **Higher education credits.** The Hope Credit is available for the first two years of postsecondary education. The Lifetime Learning Credit is available every year you, a spouse, or a dependent pays tuition or other qualified expenses.
- **Adoption credit.** Adoptive parents may be able to take a credit for qualified expenses of up to \$10,630 per qualifying child for 2006. For a special needs child, the credit is up to \$10,630, regardless of expenses.
- **Medical and dental deductions.** Health-care expenses must be more than 7.5% of your adjusted gross income to qualify for a deduction. Most taxpayers' health expenses fall short of that. But sometimes they overlook expenses that qualify: crutches, contact lenses, eyeglasses, hearing aids, equipment for disabled people, travel to get to medical care, uninsured medical and dental expenses, health insurance premiums, and more. Plus, if you plan your expenditures, such as prepaying for dental care, you may be able to reach the 7.5% mark in one tax year to qualify for the deduction.

More information about these and other credits is available from the IRS (Internal Revenue Service).

Certificates of Deposit

Certificate	APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
6 month	5.00	5.13
9 month	5.10	5.23
12 month	5.25	5.39
30 month	5.30	5.44
60 month	5.35	5.55

Minimum deposit \$500
Deposits over \$90,000 earn .25% higher

Money Market Account Rates

APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
2.00	2.02

Share Account Rates

APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
1.25	1.26

Rates are subject to change in response to market conditions.

Tap Your Home's Equity

If credit card payments are eating up your disposable income each month, or if you need cash to remodel your kitchen—or to buy a new car—a home equity loan or home equity line of credit (HELOC) might be your best bet.

These loans let you borrow money using the equity in your home as collateral. Unlike almost any other consumer loan type, the interest on a home equity loan or HELOC of \$100,000 or less is likely to be tax-deductible (\$50,000 if married filing separately).

With a home equity loan, you borrow a lump sum of money repayable over a fixed term, usually five to 15 years.



A HELOC is much like a credit card or any other type of open-ended credit. You can borrow money as needed, up to the credit limit your lender assigns, using a special checkbook. A HELOC is usually a variable-rate loan, so your monthly payments will change based on your outstanding balance and fluctuations in the prime rate.

Home equity products do have closing costs, but they're generally far lower than for first mortgages, and lenders sometimes will waive the costs or roll them into the amount borrowed. With a HELOC, once you establish your line of credit you can borrow multiple times with no additional closing costs.

Loan Interest Rebates

The Board of Directors declared an interest refund on all real estate and share secured loans paid up to date at the end of December—the refund reduces the effective rate to 6.5% for the fourth quarter of 2006.

Look for other information related to your credit union's services on our web page: <http://www.rhcu.com>

