

Planning For Your Future

New Opportunities For Retirement Saving

(NAPSA)—Some “EGTRRA” opportunities to save for retirement are the result of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). According to Diversified Investment Advisors, by increasing the amount American workers *have available* to save as well as the amount they *can save* through employer-sponsored retirement savings plans and IRAs, EGTRRA lets them take full advantage of investment opportunities today that make saving for retirement even easier.

New tax rates—EGTRRA offers financial relief by reducing tax rates over the next several years. In addition, a new 10 percent tax rate has been added, retroactive to January 1, 2001, resulting in a rebate for most taxpayers.

Higher contribution limits—With more money in your hands due to the lower tax rates, your best strategy may be to save this money through your tax-deferred employer-sponsored retirement savings plan. The new law increases the annual limits on retirement savings plan contributions—an increase that could translate into a nice retirement nest egg. The contribution limit, which is currently \$10,500, will increase to \$11,000 in 2002. This limit will increase an additional \$1,000 a year until 2006. EGTRRA also raises contribution limits on traditional and Roth IRAs, giving you another savings opportunity.

Tax credit—One of the most exciting provisions of EGTRRA is the introduction of a tax credit. If



CATCHING-UP—Americans can make “catch-up” contributions if they have not been saving enough for retirement.

your income is less than \$15,000 (\$30,000 for married taxpayers filing jointly), you may qualify for a tax credit for up to 50 percent of your contributions up to \$2,000 to a retirement savings plan or IRA.

Catch-up contributions—If you are age 50 or older and have not saved enough for your retirement, EGTRRA allows you to make “catch-up” contributions to your retirement savings plan or IRA. In 2002, you can contribute an additional \$1,000 to your retirement savings plan and an additional \$500 to your IRA. The allowable catch-up contribution increases each year, until 2006 when it reaches \$5,000 for your retirement plan and \$1,000 for your IRA.

More information about retirement saving is available by visiting www.divinvest.com.