

Dollars *and* Sense

September 2006

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Useful Tips...

Know Your Pension Plan

No matter how close or far away your retirement is, you should review your pension plan's benefits now. Here are some things to consider:



- Which plans are you eligible for? Review pension plans from all former employers, and if you're a veteran, government, or school employee, check for special benefits and requirements.
- Review plan(s) disbursement requirements and options.
- Check on spousal benefits like cost-of-living adjustments and health coverage.
- Learn about disability benefits.

Your Pension Is Protected

Your pension benefits are protected by a government agency called the Pension Benefit Guaranty Corporation (PBGC). If a covered company you've worked for has gone bankrupt or their plan doesn't have enough money, the PBGC will pay your benefits, up to a certain amount. Learn more and find covered companies at www.pbgc.gov.

Making the Most of Your Pension Benefits

by Carmen Johnson, Financial Consultant*

Whether retirement is a distant dream or just around the corner, now is the time to consider how pension benefits can affect your retirement financial plan.



Many people don't think about their pension plan benefits until they are close to retirement age. With people living longer, knowing how to make the most of your pension benefits is more important than ever. The earlier you take steps to maximize your pension benefits, the more options you'll have during retirement.

Your Most Important Decision

Choosing how to distribute your pension benefits may be the most important decision you'll make. Most pension plans offer distribution options:

Monthly payments over your lifetime. This provides the largest monthly payment, but payments stop upon your death.

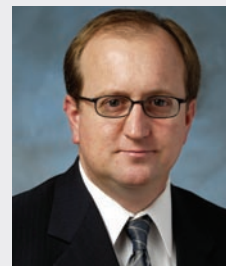
Monthly payments over your and your spouse's lifetime. Monthly payments are lower, but your spouse continues to receive income until his or her death. Some plans may require you to choose this option to continue pension-related benefits (like company-sponsored health insurance) for your surviving spouse. Choosing this option is irreversible, even if your spouse predeceases you.

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Managing Market Volatility

By Hansen Champlin, Financial Consultant*

Over the long term, the markets tend to advance. Since this is true, then why isn't everyone who invests in the market successful? While some would blame market volatility, it's actually how you react to market volatility that can make or break your investment strategy.



Investing For The Long Term

Volatility in the overall market and specific investments is a concern for many investors. And because it is easier than ever to observe market shifts moment by moment, it's easier than ever to question your investment strategy. To help manage anxiety over market volatility, take time to review your investment goals. No matter which strategy you've chosen—conservative, aggressive, or a combination of the two—the only way to

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Making the Most of Your Pension Benefits

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Lump sum. Take a lump sum for more control over your pension assets or if you want to purchase big-ticket items and have access to cash. However, with greater flexibility comes more responsibility. If longevity runs in your family, you may receive more in the long run by choosing one of the monthly payment options.

Compromise. Take the lump sum and rollover that money into an IRA. Once you have the pension in your IRA, you can use a portion of it to buy an immediate annuity. The annuity will provide a monthly income and you still have a portion of your pension money in the form of a lump sum that you can invest and have liquidity to meet unanticipated expenses or fund occasional splurges.

Another Option: Insure Your Risk

With advance planning, you can receive the higher monthly payments while still providing for your surviving spouse. Here's how: Choose to receive the higher monthly payments over your lifetime, and then purchase a life insurance policy on yourself. Should you die first, your spouse will be covered by the insurance policy, and should she or he die before you, you can cancel the policy. Purchasing an insurance policy offers other benefits, too. For example, you can access the policy's cash value while you are alive and can change beneficiaries at any time. The younger you are when you purchase the insurance policy, the less expensive it will be.

Managing Market Volatility

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make money is by sticking with that strategy for the long term. The most successful investors choose a strategy they can stand behind during the down cycles without panicking, and during the up cycles without prematurely cashing out.

Balancing Risk Factors

Every investment carries a degree of risk in terms of year-to-year fluctuation and it is impossible to know how well an asset will perform in the short term. To lower the risk factor in your portfolio, invest in a variety of asset classes. How much you choose to invest in each class is determined by how much volatility you could withstand in all market scenarios. Aggressive asset classes, which are the most susceptible to fluctuation, can be balanced by more conservative, less volatile, choices.

Keep It In Perspective

Portfolios, especially aggressive portfolios, should be reviewed consistently, but not constantly. In a heavily fluctuating market, consider an individual asset's performance based on its behavior relative to the market's overall performance. To moderate concerns, always make conservative estimates about your returns, overestimate the potential downside, and keep in mind that, over time, markets tend to advance.

Introducing Sami Farag

Western Members' Financial Services is pleased to introduce our newest Financial Consultant, Sami Farag. With over 25 years of financial experience and licensed for insurance and securities sales since 1994, Sami is well qualified to help you with all your investing needs. Contact Sami at the Redondo Beach Branch at 310-536-5049.



Schedule A Complimentary Consultation

We invite you to schedule a free consultation to learn how we can serve your individual financial and investment needs. Please contact us to set up an appointment.

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