DIVERSIFIED INVESTMENT ADVISORS

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A gift that could sweeten *your retirement savings.*

Safety · Shared Responsibility · Security · Stewardship

Archdiocesan 403(b) Savings Plan

The Payroll Tax Cut:

An opportunity to sweeten your retirement savings.

The tax law President Obama signed in December offered something for almost everyone. One key benefit was the so-called **payroll tax holiday**: This year most of you will see 2% more in your paychecks thanks to a temporary cut in the federal FICA (Social Security and Medicare) tax on earnings up to $106,800.

The tax cut was intended to give Americans more money to spend, and thus help stimulate the nation's slowly growing economy. But before you unwrap your gift from Uncle Sam, think about what's best for your *household's* economy.

What should you do with the extra money? Essentially you have three choices: **Spend it, save it** or **invest it**. Here's a quick look at each:

Spend it.

Option 1: Whether you buy more necessities or splurge on a few luxuries, funneling the extra bucks back into the economy is what Congress was aiming for. That makes it, well, the patriotic thing to do.

Save it.

Option 2: If you don't have an **emergency fund** of three to six months' living expenses, the extra cash could help build a comfier cushion. A website like **Bankrate.com** can help you find the best savings deals.

Or, use the money to help **pay down high-rate credit card balances**. Every penny you save in interest is indeed a penny earned.

Invest it.

Option 3: The tax cut offers a rare opportunity to **increase your retirement savings** *without forking over a dime*. In fact, by bumping up your pre-tax plan contribution rate by 2% this year, you'll *still* see a bigger paycheck along with a larger account balance.

Why might Option 3 be your best choice? Two reasons:

First, **how much you save** is the most important factor in building a retirement fund that's likely to last as long as you do.

Next, consider **the state of Social Security** itself. As with the extension of the Bush-era income tax cuts, some observers think Congress will end up extending the FICA tax break into 2012 or beyond. Trouble is, the less money that goes into the system today, the sooner federal benefits – *your* Social Security payments – could fall short tomorrow. So, by shifting your *tax* savings into *retirement* savings, you could be fixing a potential hole in your own safety net.

To increase your contribution rate, sign in to your account at **www.divinvest.com**, and click on Deferrals/Payroll Deduction in the Transactions menu or call **800-755-5801**.

This information is general in nature and should not be considered as investment advice. Everyone's situation is unique, and you should consider your risk tolerance, personal circumstances and complete financial situation.

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