You've Started A New Job.

Congratulations

Congratulations on your new job! If you're like most people, a new job means the opportunity to advance your career and improve your lot in life. Over the next few weeks, you'll probably be busy with the exciting tasks that come with the start of a new job: trying to make a good first impression, getting to know your co-workers and adjusting to a new workplace environment.

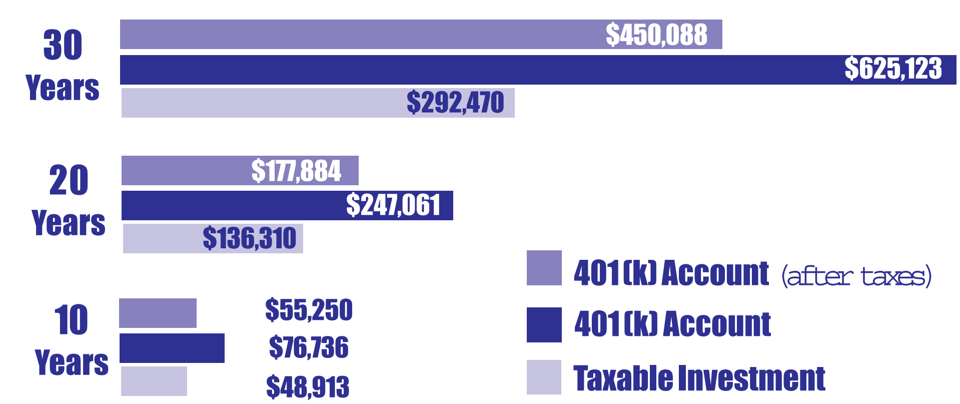
In all the excitement, it can be easy to make careless choices that can have a profound impact on your long-term financial future. Let's take a look at some important issues that you'll want to consider carefully.

Retirement

With the future of the Social Security system uncertain and various social and economic factors driving up the total costs of retirement, it is becoming increasingly important for you to take responsibility for saving for your golden years. Many employers offer a retirement plan such as a 401(k) or a SIMPLE-IRA that allows you to make pre-tax contributions into an investment account that offers the potential for tax-deferred growth. Non-profit groups often offer 403(b) and 457(b) programs that can provide similar benefits to their employees. If your employer offers a retirement plan, you should make sure you take advantage of this benefit.

Pre-tax contributions let you reduce your present tax obligations as you save for retirement. This makes it easier for you to save because the amount in your paycheck will decrease by less than what you're contributing to your retirement plan. For instance, if you are in a 25 percent tax bracket and you put $100 per paycheck into a 401(k), your after-tax pay will only decrease by $75. At the same time, as the chart below shows, the tax-deferred growth advantages offered by many employer-sponsored retirement accounts give your investments the potential to grow more quickly than taxable investment accounts achieving the same returns.

Some companies give their employees a little extra boost in saving for retirement by offering to match some or all of an employee's retirement account contributions. While how much to contribute per paycheck depends on your unique financial situation, it makes sense to take maximum advantage of any matching contribution your employer might offer, as this is a very powerful way to accumulate money for retirement. Your company's human resources department is the best source of information about this benefit.



Assumptions:

- *Annual contributions of $5,000, in equal monthly installments.*
- *Hypothetical 8% investment return, compounded monthly with reinvestment of dividends and capital gains.*
- *28% assumed tax rate.*
- *The value of the 401(k) after a lump sum withdrawal taxed at 28% is $55,250 if taken after 10 years, $177,884 if taken after 20 years, and $450,088 if taken after 30 years.*
- *Hypothetical results are for illustrative purposes only and are not intended to represent the past or future performance of any specific securities. Investment return and principal will fluctuate so that shares, when redeemed, may be worth more or less than their original value. Withdrawals prior to age 59½ may be subject to ordinary income tax and a 10% penalty.*

Your actual tax rate on the withdrawal of gains from a tax-deferred account could be more or less than 28%, depending upon the applicable tax rates that are then in effect, and whether you make your withdrawal in a lump sum or over time. Your effective tax rate on gains from a taxable account could also be more or less than 28%, depending upon your adjusted gross income and the nature of the gains. Currently, qualifying dividend income and long-term gains from a taxable account are taxed at an individual's capital gains rate, which is 15% or lower. Capital gains taxation is not available for gains taken from a tax-deferred account. The differences between the tax-deferred and taxable returns shown in the example would therefore be smaller if (a) your effective federal tax rate on the gains from a taxable account were lower than 28% or (b) your federal tax rate on a withdrawal from a tax-deferred account were greater than 28%.

compliments of:

Rollovers

If you're changing jobs, you may already have retirement funds accrued in the retirement account sponsored by your previous employer(s). Because of the change in your employment status, you will need to make a decision about those funds. You have four basic choices:

■ **Take the money as a lump sum cash payment.** This option will probably deliver short-term perks – a thrill at seeing your bank account balance shoot up and the pleasure of buying some indulgences to treat yourself. But these advantages will also be offset by the costs you'll incur as a result. You'll be taxed and, if you're under age 59½, you'll be penalized for making an early retirement account withdrawal. Also, you'll be giving up the potential for investment gains.

■ **Leave the money alone.** Many employers will let you leave your money where it is even after you leave the company. Doing so is the path of least resistance – you don't have to do anything, you avoid taxes or penalties and you can continue to reap the benefits of tax-deferred growth. However, this option will make it a little more difficult to keep track of your portfolio, and as your career progresses and you change jobs again, you may lose track of all the places you have accounts. Plus, managing money that is essentially in the care of your former employer can be awkward and inconvenient.

■ **Transfer the funds into your new employer's retirement plan.** This third option eliminates many of the negatives presented by the first two alternatives. But some employers limit how much you can transfer into a retirement account, and others only award that option after a minimum time of employment. This might eliminate this option from your roster of available courses of action. Check with your company's human resources department about any rules that might apply to you.

■ **Roll your funds into an Individual Retirement Account (IRA).** There are many advantages to this choice. Among them: In most cases, there is generally no limit on how much you can roll over, and you avoid taxes and early withdrawal penalties and continue to reap the benefits of tax-deferred growth. Also, an IRA may offer a wider array of investment options. However, unlike employer-sponsored retirement accounts, IRAs do not allow you to take out temporary loans on your funds.

Life Insurance

This may also be an excellent time to re-examine your life insurance coverage. Many employers offer their employees a term life insurance policy that is valid for the duration of their employment. But often, this is not enough to protect your family in case the worst happens to you. And, if you leave your job for any reason, you lose even this limited amount of protection.

Even if you have life insurance coverage beyond what is offered by your company, this is a good time to evaluate whether it is sufficient for your needs. Your new job might also include a higher salary, and the coverage you had before you switched employers now might be insufficient to replace your income in case something happens to you.

Determining how much life insurance you need to protect yourself and your family is a complex process. Even among individuals and households that look very similar, insurance needs can vary widely. That's why it is a good idea to turn to a professional such as a First Investors Financial Services Representative. Your representative can complete a free, detailed Survivor Needs Worksheet that can help determine how much coverage you need and what products might be right for your situation.

We Can Help

Starting a new job can be an exhilarating experience. And while your first priority will naturally be on handling the challenges and responsibilities that come with it, it is important to keep an eye on financial details that will have a profound effect on your long-term financial future. Feel free to contact your First Investors Financial Services Representative for assistance. Good luck in your new job!

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