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Bergen/Passaic Chapter

# Economic Development Committee Newsletter

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## Changing Jobs or Retiring? IRA Rollovers Can Help Manage Change

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With employees changing jobs more frequently than ever before, it's rare to find someone who has worked his or her entire life for the same company. If you've recently changed jobs or retired, you should know that you may be facing some complicated tax rules and potentially significant tax consequences.

### Managing Your Lump-sum Distribution

Many employees, changing jobs or retiring, find themselves eligible for a distribution from their employer through a 401(k), 403(b), 457, qualified pension, profit sharing stock bonus plan, or an in-service distribution.

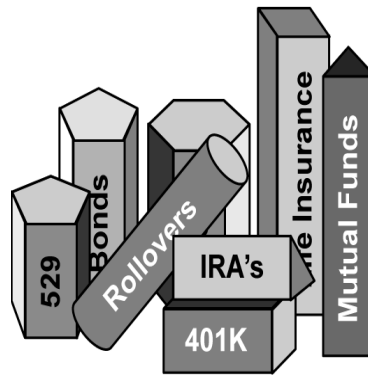
For many, this Lump-Sum Distribution will be the largest amount of money they have ever received in their lifetime. Deciding on how to make the best use of this money is not an easy task.

Just one or two hasty decisions may leave you with a tax bill that could wind up costing you up to 30% of the assets you've worked so hard to accumulate.

### Mandatory Withholding Tax

The IRS requires that a 20% withholding tax be automatically applied to all lump-sum distributions. If you'd like to avoid this withholding, you can arrange in advance to directly rollover any distribution you receive into an IRA through a *trustee-to-trustee* transfer.

You may also rollover part of your distribution into an IRA Rollover Account and use the balance for whatever purpose you wish. Of course, you'll still be liable for taxes due on the amount distributed directly to you. (Note that if you choose to rollover into a Traditional IRA, you have to begin taking distributions by April 1 of the year after you reach age 70 ½.)



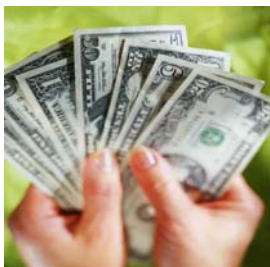
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I am Your Life Insurance  
Policy



### Rollovers Must be Completed Within 60 Days

If you do not directly rollover your distribution, you'll still have 60 days to weigh your rollover options. After that time, taxes will become due on the distributed amount. Your employer's plan will withhold 20%, leaving you with 80% of the distribution. You may still rollover the full value of the distribution but must replace the withheld amount from another source. And you can't wait until you get a tax refund to rollover the amount withheld.

### Find Out More

Funds received from an employer plan distribution will likely represent a significant portion of your liquid financial assets. As a result, they deserve all the time and attention you can afford to give them.

### Rollovers Continue Tax Deferral

If you decide to establish an IRA Rollover Account, taxes on your distribution will be deferred until you begin making withdrawals. In addition, any account earnings or gains will have the opportunity to grow on a tax-deferred basis. What's more, most Rollover Accounts offer a variety of investment options—from mutual funds to professionally managed portfolios—and so are suitable for a wide range of investors.

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## Credit Scoring & Credit Report Errors

Contributed by: Sherri Scott-Gibson

### Disputing Credit Report Errors

This is something that can be quite easy and difficult at the same time. Getting rejected for a new car, credit card or job, may not always be your fault, but an issue or mistake on your credit report. Many times these errors can cause higher interest rates or loss of credit. Review your credit report from the three agencies;

Experian – [www.experian.com](http://www.experian.com) | Equifax – [www.equifax.com](http://www.equifax.com) | TransUnion – [www.tuc.com](http://www.tuc.com)

Once a year you can order credit reports free from the bureaus or [www.annualcreditreport.com](http://www.annualcreditreport.com)

Dispute the inaccurate information directly with the agencies. Carbon copy the dispute to the creditor that’s putting the inaccurate information on your report and include a cover letter. Keep copies of everything you mail, keep notes on every phone call and who you spoke with. Send mail “Return Receipt Requested.” Cleaning up errors can take some time, be patient, but stay on it!! Keeping an eye on your credit report is essential. Look for anything different for possible identity theft;

- Your Name Spelled Differently
- An Address Change
- Or an Address You Never Lived At

If you cannot get all the errors removed from your report, you might consider using an attorney.



### Know Your FICO scores...

Contributed by: Gwenette Reese

Lenders use credit scores to determine credit risk based on

\* Payment History \* Amounts Owed \* Length of Credit History \* New Credit \* Types of Credit Used

If your FICO score is	Your Interest Rate	...and your monthly payment is
760 – 850	5.79 %	\$ 1,266
700 – 759	6.02 %	\$ 1,297
680 – 699	6.19 %	\$ 1, 322
660 – 679	6.41 %	\$ 1,352
640 – 659	6.84 %	\$ 1,413
620 – 639	7.38 %	\$ 1,493

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## Knowledge Based Funeral Service

By Wilson H. Beebe, Jr.

Submitted by: Elizabeth Carter

### Funeral Directors are Uniquely Positioned

Funeral directors are uniquely positioned at a point of crisis that typically generates a cascade of needs for the survivors. However, what funeral directors currently cater to are those immediate needs as they relate to the care and disposition of the dead body.

But in a world where the “business of life” for survivors has become increasingly complex, funeral directors are often information traffic controllers, guiding families about what to do, whom to see and where to go on any number of issues related to the care, comfort and maintenance of the elderly and bereaved.

### “One – Stop Shopping Scenario”

The “Knowledge Based” model of funeral service provides consumers with a “one-stop shopping” scenario.

They can use their trusted funeral director as a continuing source of guidance, information and hands on assistance in navigating the confusing road ahead, including attending to financial details, finding qualified professional referrals and expert eldercare services, which also helps to address the socially driven dilemma of an aging population.



### Providing Eldercare and Senior Support

The alignment of an aging population, industry economics, consumer preference changes, and labor demands have formed a crucible out of which the business and practice of funeral directing is expected to be. For example, the death of a senior family member often marks a crossroads for a family as it makes important decisions about how “Mom” will maintain her independence, health and finances now that “Dad” is gone.

By integrating eldercare and senior support capacities into current funeral home offerings, the funeral director can position himself to provide valuable guidance for surviving family members long after the funeral. Because of their vast experience and community knowledge, funeral directors have much more to offer families than just a “good funeral.” They have knowledge about the “business of life” that can be turned into a valuable service for families.

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## I AM YOUR LIFE INSURANCE POLICY

*I am a piece of paper... but even more...*

I am an idea.  
I am a promise.  
I help people see visions, dream dreams, and achieve economic immortality.  
I am education for the children.  
I am savings.  
I am also property that increases in value from year to year.  
I lend money when you need it most – with no questions asked.  
I pay off mortgages so that the family can remain together in its own home.  
I assure parents the daring to live and the moral right to die.  
I create, manage, and distribute property.  
I am the great emancipator from want.  
I guarantee the continuity of business... I protect the jobs of employees... I conserve the employer's investment.  
I am tangible evidence that a man is a good husband and father, and that a woman is a good wife and mother.  
I am a declaration of financial independence, a charter of economic freedom.  
I am the difference between an "old person" and an "elderly gentleperson."  
I provide cash if illness, injury, old age, or death cuts off the breadwinner's income.  
I am the only thing that father can buy on the installment plan that mother doesn't have to finish paying for, and vice versa.  
I am a certificate of character, an evidence of good citizenship, an unimpeachable title to the right of self-government.  
I am protected by laws that prevent creditors from assessing the money I give to your loved ones.  
I bring dignity, peace of mind, and security to the latter years of life.  
I am a "great social compact that merges the individual into the mass and places behind the frailty of one, standing alone, the immeasurable strength of many, standing together."  
I supply investment capital that makes the smoke go up the chimneys, wheels turn, and motors hum.  
I guarantee that there "will always be Christmas – with tinsel, a happy fireside, and the laughter of children – even though father or mother is not there."  
I am the guardian angel of the home.

## I AM YOUR LIFE INSURANCE POLICY

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*Have You Planned For The Future Protection for Your Family ?  
The Economic Development Committee  
National Coalition of 100 Black Women, Bergen/ Passaic Chapter*