

**By Matthew Crider, JD  
Family Wealth Protection Attorney**

You may not have noticed it but your paycheck has increased by two percent (2%).

The 2010 Tax Relief Act (H.R. 4853) extended some of the current tax rates and it also reduced the Social Security payroll tax by two percent for 2011.

As unimpressive as 2% may sound, you can actually do quite a bit with it.

Here are a few tips to make that little extra go a long way:

### **Pay Off Those Credit Cards**

About 67% of the bankruptcy filings in the United States are directly linked to credit card debt. And it's easy to see why when you really look at the numbers.

The average credit card carries an interest rate of 14%. That means for every hundred dollars you put on your credit card, you're actually spending \$114.00.

Take that extra two percent in your check and increase the amount you pay each month on your credit cards. You'll pay them off that much faster and save a substantial amount of money in interest. You can then start putting money toward your long term savings goals.

### **Put The Extra Money Into Your Retirement Plan**

Most financial experts will advise you to increase your contributions to your retirement plan by 1% to 2% per year. By putting the extra 2% you've received this year into your plan, you can give yourself a pay increase for your retirement without even missing the money.

In 2011, the annual contribution limit for 401(k), 403(b) and 457 plans is \$16,500 (it's \$22,000 if you're 50 or older). If you're not already maxed out on your planned contributions for this year, put that little bit of extra money into your plan. That will do you more good in the long run than just about anything you could buy.

### **Do You Have a Specific Savings Goal?**

Is there something specific you know you need (or want) to be saving toward? College for your kids, a new home, or maybe a vacation? Use that extra 2% to open an investment account if you don't already have one and make saving toward that goal a reality.

Starting to save is the hardest part of the process. By taking this little bit of extra money and putting it away, you can establish an account without really feeling the pinch. By the time the Social Security tax break expires,

You could be well on your way to meeting that financial goal without ever feeling like you've deprived yourself. The money would have gone toward taxes anyway.

## Open an IRA

If you've already maxed out your 401(k) or other retirement account or if you're self-employed or don't have access to an employer sponsored retirement account, use this reprieve from Uncle Sam to open a Roth IRA or a traditional IRA. In 2011, your maximum contribution to all IRA's is \$5,000 (\$6,000 if you're 50 or older).

Contributing to an IRA might even get you an additional tax break. Contributions to traditional IRA's are usually tax deductible (but there are income limits if you are contributing to an employer sponsored retirement plan as well) as opposed to contributions to Roth IRA's which are after-tax contributions (with income limits).

Granted, none of these options sound as exciting as using that extra 2% to pay a note on a new Harley Davidson or as indulgent as a monthly trip to a new spa, but every one of them will help you live more comfortably in your golden years.

Don't be a victim of the "If I'd known I would live this long, I would have saved more" mistake.

Call us to schedule your Family Wealth Planning Session today. Our Family Wealth Planning Session is normally \$750, but this month I've made space for the next two people who mention this article to have a complete planning session with me at no charge. Call today and mention this article.

## About Matthew Crider, J.D.

Matthew Crider formed [Crider Law PC](#) in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

