

Information from Bellco Credit Union and CFS* to help keep your financial life in balance

Consumer Sense

Much Needed Tax Relief

It has been over two years since President Obama was sworn into office. Since then he has attempted to overcome many of the Nation's challenges such as high unemployment, high cost of healthcare and the recession. He has implemented many measures intended to aid Americans struggling financially during the economic turmoil. One of the most recent pieces of legislation adopted was The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 ("the Act"). The Act was signed into law on December 17, 2010.

Lawmakers are hoping that this new legislation will bring some needed relief to the millions of Americans most impacted by the recession. The Act also contains numerous tax provisions meant to stimulate the American economy.

Social Security Tax Reduction

American workers will see their take-home pay increase during 2011 because of the new provision within

the Act that allows for an extension of a two percent payroll tax cut for working Americans. The Social Security tax withholding rate will decrease from 6.2 percent to 4.2 percent of wages paid. The IRS is hoping employers will start instituting this payroll change as soon as possible in 2011, but no later than January 31, 2011.

Extension of Unemployment Benefits

The Nation's unemployment rate currently stands at a staggering 9.0 percent according to figures released by the Bureau of Labor Statistics in January 2011. With millions of Americans still out of work and the economy far from a full recovery, lawmakers extended emergency unemployment benefits at their current level for 13 months.

Extension of the American Opportunity Tax Credit

The New American Opportunity Tax Credit is available up to \$2,500 per

student for the cost of tuition and educational expenses paid during the taxable year. The proposal under the new legislation extends the American Tax Credit for an additional two years, through 2012.

Child Tax Credit

The Act extends the \$1,000 child tax credit for an additional two years, through December 31, 2012. Also extended for two years are enhancements to the credit provided for in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The EGTRRA increased the credit from \$500 to \$1000.

Reaching out to the Financial Professionals at your credit union

The financial professionals here at your credit union will work closely with you to help assess your needs.

***For specific tax advice, please consult a qualified tax professional.**

Sources: www.irs.gov;

http://www.edd.ca.gov/Unemployment/Federal_Unemployment_Insurance_Extensions.htm;

<http://finance.senate.gov/legislation/details/?id=10874ed6-5056-a032-52cd-99708697eff0>

Have You Read...

Ernst & Young's Personal Financial Planning Guide (Ernst and Young's Personal Financial Planning Guide) by Ernst & Young, Martin Nissenbaum, Barbara J. Raasch, & Charles L. Ratner. This guide provides valuable information you can use to create and implement a consistent personalized financial plan.

Interested in Learning More?

We specialize in helping people maintain a healthy financial balance and discover smart money strategies.

Call us to set an appointment to review your investment objectives, and to discuss any questions you might have. We look forward to speaking with you!

Investment Center at Bellco Credit Union

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Do you have a topic you'd like to see covered in future Wealth News newsletters? Email your questions and comments to us at: cfsinvsrefs@bellco.org

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