



GLENVIEW STATE BANK

RETIREMENT PLAN UPDATE

April 1, 2012

Spring Forward

It's that time of the year when almost everyone is looking forward to spring. And – wow - has it sprung.

The weather has sprung forward, our clocks have sprung forward and the stock market has sprung forward. At this time, stocks are up 11.5% for the year. In the last five months, stocks have risen over 25%. On the other end, interest rates on stable investments are no higher than 1% (the average one year C.D. rate is .34%). So, in looking forward to the March 31 statements (unless the stock market crashes), participants with stock investments will be pleased while participants with fixed investments will see more of the same. A warning to participants thinking of switching from fixed investments into stocks – if the stock market ends the year at +5%, you will have had a -6.5% return on your monies.

Annual Tax Disclosures

It's the time of year when people think about taxes. One of the big reasons to contribute to 401(k) plans is to reduce current taxes and invest the tax savings toward retirement. The following shows the percentage of your income paid for taxes.

2012 Tax Rates

Single		Married Filing Jointly	
Taxable Income	Tax Rate	Taxable Income	Tax Rate
Up to \$8,700	10%	Up to \$17,400	10%
\$8,701 - \$35,350	15%	\$17,401 - \$70,700	15%
\$35,351 - \$85,650	25%	\$70,701 - \$142,700	25%
\$85,651 - \$178,650	28%	\$142,701 - \$217,450	28%
\$178,651 - \$388,350	33%	\$217,451 - \$388,350	33%
\$388,351 or more	35%	\$388,351 or more	35%

Something New

This note appears on the internet log-in page: “For advice on your plan investments, please call 1-847-832-0958 or e-mail trichter@gsb.com”. We have always offered this service and thought this reminder might encourage participants to seek help.

Quick Insights

- ♦ “Aging and broke, more lean on family” – Wall Street Journal, January 2, 2012
- ♦ “Too late to jump aboard? Stock rally has left money behind” - Wall Street Journal 2-13-2012
- ♦ Birinyi says S&P500 may reach 1700 before end of the year (currently at 1300-that’s a 31% increase).
- ♦ In 2011 only 17% of more than 4,000 funds investing in large U.S. stocks beat their benchmark (this is an argument to invest in “index funds”).
- ♦ Younger investors are saving more for retirement. The results of a recent survey:

Percentage of workers funding their 401(k) and IRA

Gen Y	25%
Gen X	23%
Boomers	16%

- ♦ How much can you safely withdraw from your retirement accounts without running out of money? There isn’t one rule, but the classic guideline is the 4% rule. Don’t withdraw more than 4% in the 1st year of retirement and then adjust each year for inflation.
- ♦ “America Saves Week” was February 19-26. If you ignored this, you can still do something about it. The government has given us a 2% reduction in social security taxes. Use this opportunity to increase your retirement savings by 2%.
- ♦ Beware Share-Class Fees – this is a time when many financial advisors are recommending their investments. Some are suggesting trying to withdraw monies from their 401(k) plans for these investments. If these investments are with an insurance company, make sure you understand the fees and commissions coming from your account. If these investments are into mutual funds, make sure you understand the Share-Class fees. (In 2010 there were 6,928 U.S. funds for investments and 20,188 share classes within them. In our 401(k) plans, we use the “institutional share class” which is the lowest fee share class available.)

The comments above do not represent a recommendation to buy or sell any investment. Such decisions should only be made in the context of each investor's total circumstances and goals, and past performance is never a guarantee or forecast of future result plus investments are not government-insured nor are they guaranteed in any way by Glenview State Bank.