GROUP ESTES realty

Are You Saving Enough for Retirement?

Dear Friend, *July 2011*

Over 51 percent of Americans participate in a retirement savings plan; however, many feel that they will not have enough money to support them in their retirement.* Some have even postponed the age at which they planned to retire in an attempt to save more money.
*Source: US Bureau of Labor Statistics, 2009

This newsletter includes pertinent information about the Roth IRA, a flexible tax-free retirement savings account especially beneficial to young people and those with limited incomes. The first page provides an overview of the Roth IRA, including its advantages and limitations. Page two examines how the Roth IRA can be used to help you save for large investments, such as college, the down payment on a first home or other events that cause many people to exhaust their retirement savings. Since many people are interested in ways to save money for retirement, feel free to pass this information on to your family and friends!

And if you would like to learn more about Roth IRAs, please call me for a referral to a financial service professional.

Meanwhile! We have quarterly numbers posted for you on the website… Average sale prices continue to run softer than they did in 2010, interestingly, moreso in Seattle than the Eastside (it seemed more balanced last year). Also of interest, Southeast Snohomish saw better numbers than either Southwest Snohomish or Pierce County. When we look at the monthly numbers, inventory levels are down June 2011 over June 2010 throughout the area; in fact, everywhere we track numbers *except* Southeast Snohomish County.

So how do the average sale prices look at the higher-level annual comparison?

- The Eastside is running at 2005 pricing;
- Seattle Metro is running midway between 2004 and 2005 pricing;
- Southeast Snohomish is running midway between 2004 and 2005 pricing;
- Southwest Snohomish is running midway between 2003 and 2004 pricing; and
- Pierce County is running just under 2004 pricing.

I can tell you that in many communities, we are seeing properties move quickly *when they are priced at a compelling price*. So what is compelling? Sellers must offer more than the other comparable properties on the market at the same or slightly lower pricing. That's what we help our sellers to do, by gathering data on what has sold already, and what their currently on-the-market competition is doing.

Another note – this is not a market to 'test' an asking price in. Those first few weeks on the market are precious and should not be wasted on a wishful number. Yes, when I am serving a seller, we are going to list at the highest possible price based on what has sold and what else is on the market! Unfortunately, the price to list a property at has no bearing on what the seller wants – or needs – to

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secure from the sale, nor what the property was worth a few years ago. Or, for that matter, even six months ago – that's the stigma that 'aged listings' face. Read on to find out what the buyers are doing to make these statements a reality.

The informed buyers know what is priced 'well' and what is not. They are seeing everything on the market that meets their criteria online, visiting the properties of interest in person, and watching when their 'not quite the right property' choices sell and for what price. That's what we help our buyers to do. So that when they do see a well prepared property at a fair market price, they can be confident that they can move quickly because they have gathered data on what other buyers have determined as the fair market price. If something seems overpriced, that generally becomes one of two things – a major lowball offer to see what the seller will do, or a choice to walk away because they don't feel the seller is realistic. No one is likely to win in those scenarios.

My team and I work in this market every day. We are confident that we can serve you with excellence – we know what is most likely to work and what doesn't, and we are here to help! We believe in information, in data, to aid in the buying and selling process. And in the rest of life as well… that's why this newsletter is on retirement accounts, and the August newsletter is on kitchen remodels. That's why we post articles of interest on the website, post the local market numbers every month, and include five of our trusted vendors each month for you as well.

Spotlight Vendors for July

Dan McNeely - North Creek Roofing - 425-822-6921 - dan@northcreekroofing.com
Roofing

Paul Jurca - 206-390-1943
Tile

Bill Chambers - Gentle Ben's Tree Service, Inc. - 425-881-3398 - logtrees@hotmail.com
Tree Service

Walter Bryant - Walter Bryant Painting Service - 206-818-4066 - walterbryantpainting@frontier.com
Painter

Jerry Young - GP Air Restoration of Medallion Healthy Homes - 425-385-8727 - gerald.young@comcast.net
Air Quality / Mold

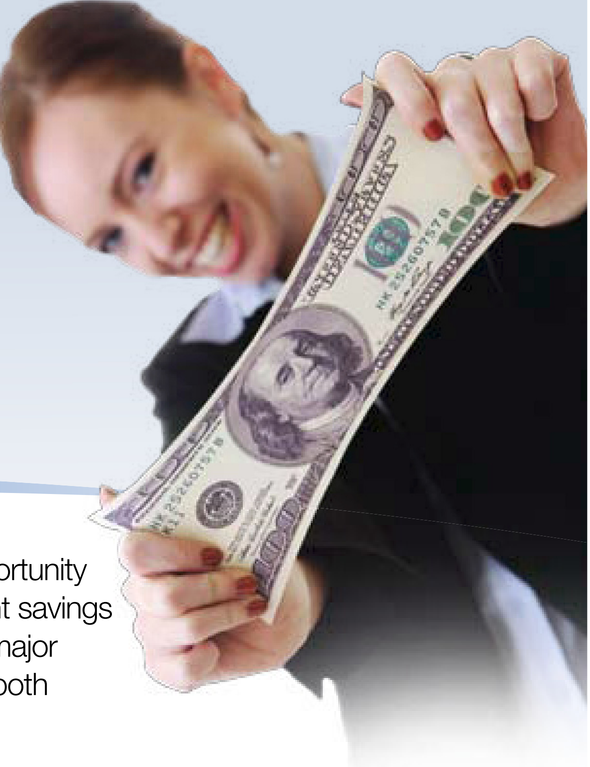
I appreciate the opportunity to be of service to you, your family and friends. Thank you for your advocacy!

Sincerely,

Chris

Always looking for more ways to be of service … if you know of someone who would appreciate the level of service I provide, please call me with their name and business number, and I'll be happy to follow up and take great care of them.

Roth IRA:
Meet the Retirement Savings Account with Flex Appeal



The Roth Individual Retirement Account (IRA) gives people of all ages the opportunity to build their retirement savings in a flexible account. It's more than a retirement savings account; if you've owned it for at least five years, the money can be used for major purchases, such as college or a first home. It's designed to help you save for both retirement and your financial goals.

Americans with an annual salary of $50,000 the year before retirement would need to have at least $750,000 in savings to retire and maintain their standard of living.

Source: PBS Frontline, May 16, 2006

The Benefits of the Roth IRA

Flexibility is the biggest advantage of the Roth IRA. It's designed to encourage those with lower incomes to set aside money for retirement and big purchases. Other perks include:

- **It's tax free.** Earnings grow tax free. Additionally, withdrawals of contributions are tax free.
- **It benefits those in lower tax brackets.** Although the Roth IRA targets young people who are just starting their careers, it also allows others who earn below the income threshold the opportunity to augment existing retirement savings accounts.
- **You can contribute money into the Roth IRA until age 70½.**
- **You have more control of your investments.** Invest your money wherever you wish, including bonds, money markets, mutual funds, individual investments or stocks.
- **If you have a non-working spouse, you can open a Roth IRA on their behalf.**

More than 25% of Baby Boomers have no retirement savings.

Source: Harris Poll, February 2, 2011

2011 Revised Income Limits and Contributions

Filing Status	Single	Couple
Income Limit	$107,000 – 122,000	$169,000 – 179,000
Maximum Contribution*	$5,000 (under age 50) $6,000 (over age 50)	$5,000 (under age 50) $6,000 (over age 50)

*The maximum contribution decreases as you reach the income limit.

Source: Internal Revenue Service

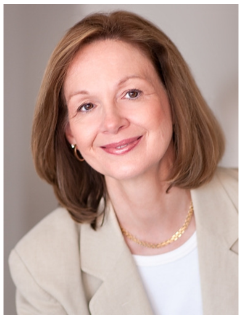
Rules and Limitations

The Roth IRA offers more flexibility than the standard IRA; however, it does have a few rules:

- You can't deposit more than you make in a year.
- You can only deposit income earned from your job, not money from other sources, such as gifts, inheritances or additional savings accounts.
- Once you reach the income ceiling, you can no longer contribute money to a Roth IRA. Sit back and watch it accrue interest until you retire!
- Only withdrawals of contributions are tax free. The rules for withdrawing earnings are similar to a traditional IRA—you'll have to wait until age 59½ or else deal with a tax bill and a 10% penalty.

24% of Americans have postponed the age at which they plan to retire because they haven't saved enough money.

Source: CNN Money, March 9, 2010



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Save for Major Purchases with a Roth IRA

Unlike other retirement savings options, people can withdraw contributions and interest from their Roth IRA before the age of 59½ without penalty or tax. Many choose to use some of the money for expenses associated with college and buying a first home.

Saving for a Home

Many people dip into their 401(k) or traditional IRA for a down payment on their first home. However, doing so forces them to pay taxes and penalties for withdrawing the funds before they reach age 59½. With a Roth IRA, individuals can withdraw contributions and earnings up to $10,000 (couples can withdraw up to $20,000) tax and penalty free, as long as the account has been open for 5 years.

A major perk of the Roth IRA is that the owner of the account doesn't have to be the first-time homebuyer; you can give the money to a spouse, child or grandchild. However, it must be the buyer's primary residence.

Using a Roth IRA for College Expenses

Tuition and fees at public 4-year colleges and universities have increased 5.6% per year beyond the rate of inflation.

Source: The College Board, Trends in College Pricing 2010

A Roth IRA allows parents to put money aside while the children are growing up, where it accrues interest tax free. Although any withdrawal of earnings will be taxed, the 10% early withdrawal penalty is waived.

If a child chooses not to go to college, the money can remain in the Roth IRA, which is a clear advantage over dedicated college savings plans that would require parents to close the account and transfer the money.

Be sure to speak with your financial advisor about all of your savings and retirement options.

Things to Think About Before Raiding Your Roth IRA:

Although a Roth IRA can provide the funds necessary to pay for college expenses or a first home, using it should be a last resort.

- **Your child will not be eligible for as much financial aid.** Using retirement funds can increase the expected family contribution (EFC) during the child's second and subsequent years of college, reducing the amount of aid the child qualifies for.
- **You could be faced with tax penalties.** If the account hasn't been open 5 years and you take out money for a down payment on a new home, you'll be taxed on the withdrawal. However, you won't have to pay a 10% early withdrawal penalty.