

Wealth News

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Information from Community Shores Bank and SPF* to help keep your financial life in balance

Consumer Sense

Unemployment Rate

In August 2011 the unemployment rate remained virtually unchanged at a staggering 9.1%, according to the Bureau of Labor Statistics (BLS). With millions of Americans still out of work and analysts talking about a double dip recession, you might be worried about how you will one day provide for your child's education. It's only natural to have concerns about the future when the economic forecast seemingly looks bleak.

Lower Unemployment for Grads

However, it might help you to know that according to a recent study by the BLS, an inverse relationship exists between education and unemployment. In 2010, the unemployment rate for those with a Bachelor's degree or higher was less than 5.4%.

Saving for college can be an extremely challenging task but there are many federal, state and private programs that may assist you in meeting those

educational needs. One such program is called the 529 Education Plan.

529 Education Plan

In order to aid families in financing the cost of education, all states now sponsor a college savings plan. Assets in 529 plans grow tax-deferred and distributions to pay for qualified college expenses are generally not subject to federal taxation. Once the child reaches college age, funds can be withdrawn tax-free to cover expenses such as tuition, books, supplies, and room and board. One significant benefit of a state-sponsored college savings plan is that it can be used to fund education at any accredited college or university.

Should your child decide not to attend college, you have a couple different options in terms of funds accumulated. The first option is to

transfer the plan to another family member. Funds can be transferred to and used by siblings, parents, grandparents and other relatives. The second would be to cash out the plan. Most states assess a penalty of 10 percent of the earnings on any withdrawal that is used for non-educational purposes.

Federal penalties and income tax on the growth of the account may also be imposed. Should the recipient of the 529 Plan die or become disabled, no penalties will be incurred.

Who Can Assist Me?

With all the educational savings options available today, choosing the right one might seem like a daunting task. Now may be a great time to visit your local bank, and meet with their financial professional for a review.

Source: <http://www.bls.gov/bls/unemployment.htm>

Have You Read...

The Best Way to Save for College: A Complete Guide to 529 Plans 2011-12 by Joseph F Hurley. This has become the one book college-bound families and professional planners must have. This is a great resource for 529 programs and other college savings strategies (including Coverdell Education Savings Accounts).

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!

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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 me (us) at: mbixeman@mybd.com

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