

100 Million Credit Union Members Nationwide

Credit unions have reached and surpassed 100 million memberships nationwide—equivalent to one of every three Americans.

The 100 million count is based on credit union data collected and compiled by the Credit Union National Association, Washington, D.C., and Madison, Wis., in its June “Monthly Credit Union Estimates.” CUNA estimates that credit union memberships expanded by 2.9% from June 2013 to June 2014, and the 100 million mark was achieved in June.

Credit unions added 2.85 million additional memberships over the past year—the largest reported increase in more than a quarter century. The increase was the fastest, in percentage terms, since 2000, according to the CUNA analysis.

How is a credit union different from a bank?

CUNA
Credit Union National Association

CREDIT UNIONS ARE aSmarterChoice

“Clearly, there is growing recognition for credit unions among consumers,” says CUNA President and CEO Bill Hampel. “They increasingly understand that a credit union places their interests above all else, particularly in returning financial benefits to consumer members in the forms of lower rates on loans, higher returns on savings, and lower and fewer fees.” He adds that, in 2013, those financial benefits totaled more than \$6 billion.

Hampel points out that, as cooperatives, credit unions are owned by their members and exist to provide financial services to those members. Banks, he notes, which are owned by shareholders, exist to return profits to those shareholders.

CUNA Chief Economist Mike Schenk says other factors within the financial services marketplace have played key roles in credit union growth. He notes that a growing number of consumers continue to express dissatisfaction with big Wall Street banks due to the economic downturn and consumer movements such as Bank Transfer Day in 2011, when consumers were urged through a grassroots movement, primarily on social media, to leave big banks and move their money to a credit union or small bank because they tend to offer better rates and incur fewer fees.

Schenk notes that not everyone can join the same credit union, but there is a credit union for everyone. Consumers looking for a credit union they are eligible to join should visit aSmarterChoice.org, a website that includes a comprehensive credit union finder, and helps consumers learn more about credit unions.

Additionally, hundreds of credit union members have shared their credit union story with photos on americascreditunions.org and social media to show they are part of an organization that focuses on their best financial interests. Learn more about the 100 million credit union memberships nationwide milestone by visiting www.americascreditunions.org.



September 2014

The Compass

RATE WATCH



SAVINGS RATES..... APY

6 Month Certificate (\$2,500 min.)	.....	0.25%
1 Year Certificate (\$2,500 min.)	.....	0.30%
18 Month Certificate (\$2,500 min.)	.....	0.50%
2 Year Certificate (\$2,500 min.)	.....	0.70%
3 Year Certificate (\$2,500 min.)	.....	1.00%
4 Year Certificate (\$2,500 min.)	.....	1.40%
5 Year Certificate (\$2,500 min.)	.....	1.61%
IRA Account (18 Month Cert.)	.....	0.50%
IRA Account (36 Month Cert.)	.....	1.00%
IRA Account (60 Month Cert.)	.....	1.61%
15 Month Certificate Special	.....	0.60%
34 Month Certificate Special	.....	1.10%

LOAN RATES..... APR

Primary Res. 15 yr. fixed	
(20% down)	..... 4.000%
Primary Resident 10 yr. fixed	
(20% down)	..... 3.900%
Primary Resident 3 yr. ARM	
(30 yr. amort./20% down)	..... 3.500%
Farm Operation (1 year max.)	..... 3.500%
Farm Real Estate 15 yr. fixed	
(35% down)	..... 4.250%

For a complete rates listing, visit www.beaconcu.org.
 APY is Annual Percentage Yield
 APR is Annual Percentage Rate
 ARM is Adjustable Rate Mortgage
 Rates effective Sept. 16h, 2014
 Rates Subject to Change



Taking Taxes Into Account When Saving & Investing

It isn't always top of mind, but it should be.

Presented by Michael D. Farner & Tiffany J. Hauptert

How many of us save and invest with an eye on tax implications?

Not that many of us, according to a recent survey from Russell Investments (the global asset manager overseeing the Russell 2000). In the opening quarter of 2014, Russell polled financial services professionals and asked them how many of their clients had inquired about tax-sensitive investment strategies. Just 35% of the polled financial professionals reported clients wanting information about them, and just 18% said their clients proactively wanted to discuss the matter.¹



Michael D. Farner



Tiffany J. Hauptert

Good financial professionals aren't shy about bringing this up, of course. In the Russell survey, 75% of respondents said that they made tax-managed investments available to their clients.¹

When is the ideal time to address tax matters?

The end of a year can prompt many investors to think about tax issues. Investors' biggest concerns may include any sudden changes to tax law. Congress often saves such changes for the eleventh hour. Sometimes they present opportunities, other times unwelcome surprises.

The problem is that your time frame can be pretty short once December rolls around. You can't always pull off that year-end charitable donation, gift of appreciated securities, or extra retirement plan contribution;

sometimes your financial situation or sheer logistics get in the way. It is better to think about these things in July or January, or simply year-round.

While thinking about the tax implications of your investments year-round may seem like a chore, it may save you some money. Your financial services professional can help you stay aware of the tax ramifications of certain financial moves.

Think about taxes as you contribute to your retirement accounts.

Do you contribute to a qualified retirement plan at work? In doing so, you can lower your taxable income (and your yearly tax liability). Why? Those contributions are made with pre-tax dollars. In 2014, you can contribute up to \$17,500 to a 401(k) or 403(b) account or the federal government's Thrift Savings Plan. If you are 50 or older this year, you can put in up to \$23,000 into these accounts. The same is true for most 457 plans. This can reduce your taxable income and lower your tax bill.^{2,4}

Think about where you want to live when you retire.

Certain states have high personal income tax rates affecting wealthy households, and others don't levy state income tax at all. If you are wealthy and want to retire in a state with higher rates, a Roth IRA may start to look pretty good versus a traditional IRA. Withdrawals from a Roth IRA aren't taxed (assuming the Roth IRA owner follows IRS rules), because contributions to a Roth are made with after-tax dollars. Distributions you take from a traditional IRA in retirement will be taxed.²

What capital gains tax rate will you face on a particular investment?

In 2013, the long-term capital gains tax rate became 20% for high earners, up from 15%. On top of that, the Affordable Care Act Surtax of 3.8% effectively took

the long-term capital gains tax rate to 23.8% for investors earning more than \$200,000.^{2,3}

Greater capital gains taxes can actually be levied in some cases. Take the case of real estate depreciation. If you sell real property that you have depreciated, part of your gain will be taxed at 25%. The long-term capital gains tax rate for collectibles is 28%. Own any qualified small business stock? If you have owned it for over five years, you typically can exclude 50% of any gains from income, but the other 50% will be taxed at 28%. Lastly, if you sell an asset you've held for less than a year, the money you realize from that sale will be taxed at the short-term rate (i.e., regular income), which could be as high as 39.6%.^{2,3}

Are you deducting all you can?

The mortgage interest deduction is not always noticed by taxpayers. If a home loan exceeds \$1.1 million, interest above that amount may not qualify for a deduction. Itemizing can be a pain, but may bring you more tax savings than you anticipate.²

A tax-sensitive investing approach is always specific to the individual.

Therefore, any strategy needs to start with an in-depth discussion with your tax or financial professional.

Mike and Tiffany may be reached at 800-762-3136 ext. 6415.

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Citations.

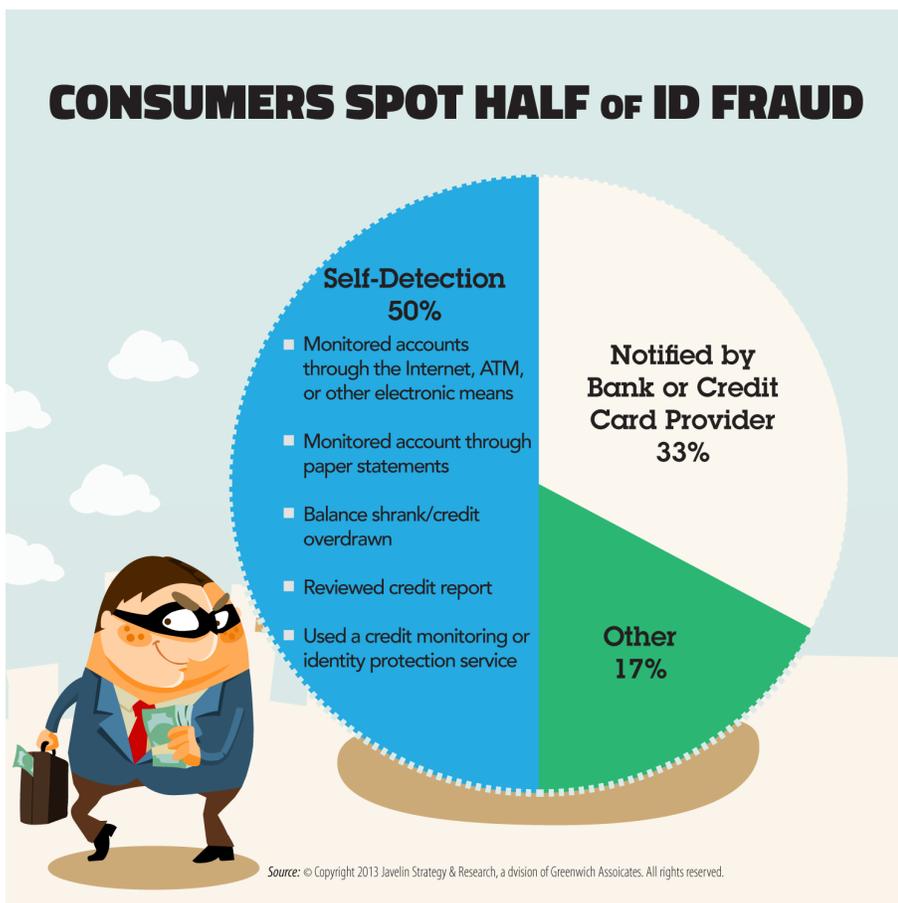
- 1 - russell.com/us/newsroom/press-releases/2014/russell-survey-advisors-say-tax-aware-investment-strategies-not-top-of-mind.page? [4/29/14]
 - 2 - foxbusiness.com/personal-finance/2014/08/07/investments-and-tax-planning-go-hand-in-hand/ [8/7/14]
 - 3 - bankrate.com/finance/money-guides/capital-gains-tax-rates-1.aspx [3/27/14]
 - 4 - irs.gov/uac/IRS-Announces-2014-Pension-Plan-Limitations-Taxpayers-May-Contribute-up-to-\$17,500-to-their-401%28k%29-plans-in-2014 [11/4/13]
- vm?topic=606&siteContent=8339 [5/5/14]**

How to Tell if Your Identity has been Hacked

The 2013 Identity Fraud Report from Javelin Strategy & Research, Pleasanton, Calif., revealed that almost one of four consumers who received a data breach letter became a victim of identity theft. The same study revealed that consumers who had their Social Security number compromised in a data breach were five times more likely to be a fraud victim than the average consumer.

How can you tell if your identity has been compromised?

- **Surprise! You're denied.** If your credit card is denied, find out why—especially if you always pay on time and haven't reached your spending limit. Don't shrug it off and assume your card will work the next time; investigate immediately.
- **Unexpected increase in an account balance.** This could be a sign that someone made changes in your name and went shopping, hoping to leave you with the bill.
- **Unauthorized inquiries.** If you see inquiries on your credit reports that you didn't initiate, that's a sign someone might be trying to open credit in your name.
- **Sudden drop in credit score.** An unexplained drop in your credit score is a sign someone is using—and trashing—your credit.
- **Mysterious new account.** The sooner you notice unauthorized accounts opened in your name, the faster you can shut them down.



Bottom line: Review your credit reports regularly. You can order one free credit report a year from each of the “big three” credit reporting agencies—Equifax, TransUnion, and Experian—at annualcreditreport.com. And keep an eye on your credit score. Ask your friendly Beacon staff for help, or visit myfico.com. Finally, contact one of the credit bureau fraud units about placing a fraud alert on your file. Find contact and phone numbers at ftc.gov/identitytheft.

Holiday loans coming soon...

Beacon
CREDIT UNION
Guiding the Way

Beacon Trust Services Can Help Local Foundations and Charitable Trusts

Beacon Trust offers many options for charitable trusts in the communities we serve.

The idea of philanthropy or concern for the welfare of other people or community has long been a staple of American values. Since colonial times whether it was John Winthrop, colonial governor of Massachusetts, referring to the “City on the Hill” or Abraham Lincoln noting that the nation was “the last best hope of earth,” early citizens felt themselves to be forwarding “humanity’s extended cause.”

Since these early times and throughout the 20th century a large body of law and options was developed to allow for charitable works. Many of us are familiar with the fine work of community foundations, as well as foundations established for large charitable works, such as the Bill and Melinda Gates Foundation, Lilly Endowment, and Ford Foundation to name a few.

In the communities we serve there are dozens of lesser known foundations and charitable trusts established to specifically serve the community in which they are located. Assets in these trusts can run from a hundred thousand dollars up in to the millions. In each case, care is required in the set-up, management, and administration of these arrangements. Families or individuals that have the resources and the charitable calling have a universe of options. Some common arrangements are Charitable Remainder Trusts, Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, Charitable Lead Trusts, Foundations, and many other choices.



David Van Camp
Trust Officer
Beacon Trust Services
(800) 762-3136, ext. 2013
dvancamp@beaconcu.org

“As a corporate trustee, Members Trust Company through Beacon Trust Services is held to the highest standards and is committed to providing service to the many communities we serve.”

In addition to filling community needs, benefits accrue to the donor of a charitable remainder trust. These may include; current income tax deduction, tax-free asset conversion, increased income stream, risk reduction from asset diversification, as well as the opportunity for estate and retirement planning and professional asset management.

Members Trust Company through our partnership with Beacon Credit Union can provide the trustee or investment management expertise for these types of trusts. Some principal responsibilities of a trustee for a charitable remainder trust are: Following the trust or foundation rules, holding, valuing, and managing trust assets, filing necessary fiduciary tax and information returns, receiving and distributing income, establishing annual annuity or unitrust amounts, liquidating assets when advisable, and communicating with families, committees, and recipients. As a corporate trustee, Members Trust Company through Beacon Trust Services is held to the highest standards and is committed to providing service to the many communities we serve.

We are pleased to provide assistance in these important matters on a local basis and continue to look forward in working with individuals and committees where professional help may be needed.

Please contact David Van Camp, Trust Officer at 260-563-7443 or 800-762-3136 Extension 2013.



Four Money Saving Habits that Can Backfire!

We should all strive to develop (and maintain!) fiscally responsible habits like budgeting our money carefully, making smart purchases, and trying to save money by buying items on-sale... BUT, (like everything else in life) occasionally you can have too much of a good thing. In fact, your spendthrift habits might actually be doing you more harm than good. Read on for five common money saving mistakes that actually might end up hurting your bottom line.

Setting an unrealistic budget

Sure we could all probably tighten our belts just a little, but when you are creating a budget, it's important to create one that works for the life you actually live – not the one you want to live. I think of it like dieting. You have to give yourself room for a couple of indulgences here and there: an entertainment fund for nights out with friends or eating out at a fancy restaurant. Otherwise, your willpower will eventually wear out and you will eat a whole pan of brownies in one sitting spend money you don't have and blow your budget.

Buying something just because it's on sale

That sweater for instance. You know.... The one that has been sitting on the top shelf of your closet with the tags still on it for two seasons now. The one you saw and thought, "well, I don't really LOVE it... but who can pass up a sweater this nice for \$10?" Spoiler alert: you are maybe this year will finally be the year **never** going to wear that sweater. So that \$60 you "saved" is actually \$10 you totally wasted. In the same spirit, I must mention extreme couponing. There is nothing wrong with cutting coupons to save money, but you do NOT need 20 boxes of cereal just because they were only \$1. You will never eat that much cereal before it expires. You just won't. The moral of the story? Being frugal is about getting the most value out of the money you spend, NOT about getting the most stuff.

Over-saving

Saving money is a wonderful thing. Knowing you have enough set back in case of an emergency gives you a great sense of security and independence. But if your saving habits are so extreme that you're missing out on the fun parts of life, maybe it's time to shift the balance. Overall, you have to find the right balance between living in the present and preparing for the future. It's great to contribute 10% of your income to your 401K if you can do so without making major life sacrifices – but if you find yourself telling people you can't do things you would enjoy and love because you're obsessed with saving every bit of money you can, take a step back. Don't make choices you'll regret later.

Always choosing price over quality

When you are making a purchasing decision, don't let the lowest price be the deciding factor every time. Sometimes, the best value is the more expensive option. Take for instance, a pair of boots. You can buy a cheap \$40-\$60 pair of boots each winter and replace them every year... Or you could spend \$300 on a pair of boots that will last you for 10 years and look great season after season. Some things are worth the splurge.

It's great to be money conscious and focus on saving your money smartly, but watch out for good intentions that may backfire. For more awesome financial tips, fun blogs, budgeting tools, and more, check out our new website just for YOU - my.beaconcu.org!



How to Contact Beacon Credit Union

Angola

(260) 665-9455

Auburn (both locations)

(260) 925-0800

Garrett

(260) 357-0400

Grissom Aeroplex

(765) 689-9181

Huntington

(260) 359-9680

Logansport (216 Mall Road)

(574) 722-2161

Logansport (1405 W. Market)

(574) 722-6395

Marion

(765) 664-9537

New Haven

(260) 493-0725

North Manchester

(260) 982-7551

Peru (N. Broadway)

(765) 472-3472

Peru (W. Main)

(765) 472-1214

Peru (Old Key)

(765) 472-1022

Plymouth

(574) 936-2150

Rochester (504 Main Street)

(574) 223-1504

Rochester (430 Rouch Pl. Dr.)

(574) 223-4871

Wabash (all branches)

(260) 563-7443

Warsaw

(574) 268-1276

Department Extensions

Collections.....ext. 2044
Beacon Inv. Services.....ext. 6415
Beacon Trust Services.....ext. 2013
Contact Center....."0" or "3"

Email: beaconcu@beaconcu.org

Do not include confidential information such as account numbers in email correspondence.

Send all mail inquiries to:

Beacon Credit Union
PO Box 627
Wabash, IN 46992



Each account insured up to \$250,000 by American Share Insurance. By members' choice, this institution is not federally insured. Equal Opportunity Lender.

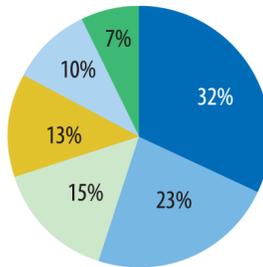
What's the Deal with Credit Scores?

Learn how your score is calculated.

Two Kinds of Credit Scores

A VantageScore is based on a grading scale, where 901 to 990 equals an A, 801 to 900 equals a B, and so on down to 501. A FICO score—more common than VantageScore—is based on a scale that runs from 300 to 850, with scores less than 600 indicating a higher risk to lenders, and scores higher than 720 indicating lower risk to lenders. One credit score isn't better than the other—they just use different factors to calculate the scores.

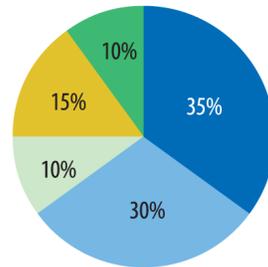
VantageScores



With VantageScore, the factors contributing to the score include:

- 32% Payment history
- 23% Use of available credit
- 15% Credit balances
- 13% Length and depth of credit history
- 10% Recently opened credit accounts
- 7% Available credit

FICO scores



For FICO, factors contributing to the score are:

- 35% Payment history
- 30% Amount owed
- 10% Types of credit in use
- 15% Length of credit history
- 10% New credit

Source: Bankrate.com, myfico.com

Budgets are BORING!!

(my.beaconcu.org)