

# Four Signs You Need to Clean Up Your Finances

It's easy to see when your house needs cleaning: clothes are on the floor; dirty dishes are stacked in the sink. But it may be a little harder to know when to "tidy up" your finances. Here are a few signs:

## 1. You're living paycheck to paycheck

If you barely make ends meet at the end of the month, it's time to buy yourself some wiggle room for unexpected events. Start by cutting back on at least one major expense and putting that money into an emergency fund. The goal of an emergency fund is to be able to cover a three-month period of unemployment at a minimum. Consider downsizing to a smaller home or apartment, going from a two-car household to one, or commuting by bus or bike. Getting a side gig is another way to boost your emergency funding.



## 2. You're not saving for retirement

According to Northwestern Mutual's 2018 study, 21% of Americans have not saved for their retirement. If you're one of those people, it's time to start. Your goal should be to save 15% or more of your monthly income for your retirement. If you're not used to saving, going from 0 to 15% might be hard. So, start small and simply set aside \$50 each month. Increase that amount when you get a raise or get a better handle on your expenses.

## 3. You're carrying credit card debt

There is good debt—mortgages for homes and loans for education—but there is also bad debt. Credit card debt is the worst kind of debt you can have, and the longer you carry it, the more money you end up losing in interest. If you're up to your chin in credit card debt, maybe it's time to create a budget and move to a cash-only system until your debt is under control.

## 4. You don't have a budget in place.

Do you follow a budget? Many Americans don't, even though it's probably the most effective way to manage money. Without a budget in place, you'll have a hard time seeing where your money is going, where you're overspending, and where you can make changes.

If any of these signs apply to you, it's time to clean up and learn how to manage your money. You'll be thankful in the long run.



September 2018

# The Compass

## RATE WATCH



### SAVINGS RATES..... APY

6 Month Certificate (\$1,000 min.)	.....1.25%
1 Year Certificate (\$1,000 min.)	.....1.50%
18 Month Certificate (\$1,000 min.)	..2.02%
2 Year Certificate (\$1,000 min.)	.....2.32%
3 Year Certificate (\$1,000 min.)	.....2.42%
4 Year Certificate (\$1,000 min.)	.....2.53%
5 Year Certificate (\$1,000 min.)	.....2.73%
IRA Account (18 Month Cert.)	.....2.02%
IRA Account (36 Month Cert.)	.....2.42%
IRA Account (60 Month Cert.)	.....2.73%

### LOAN RATES..... APR

Primary Resident 10 yr. fixed (5% down)	.....4.440%
Primary Resident 20 yr. fixed (5% down)	.....4.786%
Primary Resident 3 yr. ARM (30 yr. amort./5% down)	.....4.151%
Beacon Platinum Home Equity LOC (15% down)	.....6.250%
Resident 2nd Mortgage 10 yr. Fixed (20% down)	.....6.555%

**For a complete rates listing, visit [beaconcu.org](http://beaconcu.org).**  
 APY is Annual Percentage Yield  
 APR is Annual Percentage Rate  
 Penalty for early withdrawal on Share Certificates.  
 ARM is Adjustable Rate Mortgage  
 Rates effective September 17, 2018  
 Rates Subject to Change

# 5 Retirement Concerns Too Often Overlooked

*Baby boomers entering their "second acts" should think about these matters.*

*Provided by Michael D. Farner & Tiffany J. Hauptert*



Michael D. Farner

Retirement is undeniably a major life and financial transition. Even so, baby boomers can run the risk of growing nonchalant about some of the financial challenges that retirement poses, for not all are immediately obvious. In looking forward to their "second acts," boomers may overlook a few matters that a thorough retirement strategy needs to address.

**RMDs.** The Internal Revenue Service directs seniors to withdraw money from qualified retirement accounts after age 70½. This class of accounts includes traditional IRAs and employer-sponsored retirement plans. These drawdowns are officially termed Required Minimum Distributions (RMDs).<sup>1</sup>

**Taxes.** Speaking of RMDs, the income from an RMD is fully taxable and cannot be rolled over into a Roth IRA. The income is certainly a plus, but it may also send a retiree into a higher income tax bracket for the year.<sup>1</sup>



Tiffany J. Hauptert

Retirement does not necessarily imply reduced taxes. While people may earn less in retirement than they once did, many forms of income are taxable: RMDs; investment income and dividends; most pensions; even a portion of Social Security income depending on a taxpayer's total income and filing status. Of course, once a mortgage is paid off, a retiree loses the chance to take the significant mortgage interest deduction.<sup>2</sup>

**Health care costs.** Those who retire in reasonably good health may not be inclined to think about health care crises, but they could occur sooner rather than later – and they could be costly. As Forbes notes, five esteemed economists recently published a white paper called The Lifetime Medical Spending of Retirees; their analysis found that between age 70 and death, the average American senior pays \$122,000 for medical care, much of it from personal savings. Five percent of this demographic contends with out-of-pocket medical bills exceeding \$300,000.

**Medicines?** The "donut hole" in Medicare still exists, and annually, there are retirees who pay thousands of dollars of their own money for needed drugs.<sup>3,4</sup>

**Eldercare needs.** Those who live longer or face health complications will probably need some long-term care. According to a study from the Department of Health and Human Services, the average American who turned 65 in 2015 could end up paying \$138,000 in total long-term care costs. Long-term care insurance is expensive, though, and can be difficult to obtain.<sup>5</sup>

One other end-of-life expense many retirees overlook: funeral and burial costs. Pre-planning to address this expense may help surviving spouses and children.

**Rising consumer prices.** Since 1968, consumer inflation has averaged around 4% a year. Does that sound bearable? At a glance, maybe it does. Over time, however, 4% inflation can really do some damage to purchasing power. In 20 years, continued 4% inflation would make today's dollar worth \$0.46. Retirees would be wise to invest in a way that gives them the potential to keep up with increasing consumer costs.<sup>4</sup>

As part of your preparation for retirement, give these matters some thought. Enjoy the here and now, but recognize the potential for these factors to impact your financial future.

**Mike and Tiffany may be reached at 800-762-3136 ext. 6415 or visit [www.beaconcu.org](http://www.beaconcu.org).**

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. 2000 Heritage Way, Waverly, Iowa 50677, toll-free 800-369-2862. CBSI is under contract with the financial institution to make securities available to members. Not NCUA/IFDIC INSURED, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution.

#### Citations.

1 - [thebalance.com/required-minimum-distributions-2388780](http://thebalance.com/required-minimum-distributions-2388780) [6/3/18]

2 - [kiplinger.com/slideshow/taxes/T064-S003-how-10-types-of-retirement-income-get-taxed/index.html](http://kiplinger.com/slideshow/taxes/T064-S003-how-10-types-of-retirement-income-get-taxed/index.html) [3/27/18]

3 - [forbes.com/sites/nextavenue/2018/06/28/the-truth-about-health-care-costs-in-retirement/](http://forbes.com/sites/nextavenue/2018/06/28/the-truth-about-health-care-costs-in-retirement/) [6/28/18]

4 - [mdmag.com/physicians-money-digest/practice-management/four-big-retirement-threats-and-how-to-protect-yourself](http://mdmag.com/physicians-money-digest/practice-management/four-big-retirement-threats-and-how-to-protect-yourself) [8/2/18]

5 - [money.usnews.com/money/personal-finance/saving-and-budgeting/articles/2018-04-13/6-ways-to-pay-for-long-term-care-if-you-cant-afford-insurance](http://money.usnews.com/money/personal-finance/saving-and-budgeting/articles/2018-04-13/6-ways-to-pay-for-long-term-care-if-you-cant-afford-insurance) [4/13/18]

# Estate Planning...Who needs it?

*Provided by David Van Camp, Trust Officer of Beacon Trust Services*



David Van Camp

Estate Planning is a process everyone needs. It involves looking at what you own, to whom to give it to, and the best way to accomplish doing it with the least tax impact. With today's complex tax laws, it always helps to have a professional, trusted advisor.

Many members believe, if their assets are jointly held that they have named a spouse as beneficiary of insurance policies and retirement plans, accomplishing the art of estate planning. This plan, however, does not account for the unfortunate situation where if both you and your spouse pass away in a common accident, particularly where you leave minor children behind. In such an instance, all the joint assets, insurance, and retirement funds will be in the hands of the State who will decide what is best for your remaining family, including who will be the legal guardian of any minor children.



This illustration is one example of the unintended consequences of not having an estate plan. This unfortunate situation could be avoided with a will or trust, which directs how your assets should be distributed, managed, and in the case of minor children, who you have chosen to be their legal guardian.

Beacon Credit Union recognizes that many members, especially those with higher net worth and specific financial objectives, may be in this situation. That is why Beacon Credit Union entered into a partnership with MEMBERS Trust Company to provide information on estate planning and trust and investment services to its members.

For more information about Estate Planning, or MEMBERS Trust Company, please contact David Van Camp at (800) 762-3136, ext. 2013 or [dvancamp@beaconcu.org](mailto:dvancamp@beaconcu.org), to discuss your situation and schedule an appointment.

Trust services provided by MEMBERS Trust Company. Trust products are not federally insured, are not obligations of or guaranteed by the credit union or any affiliated entity, involve investment risks, including the possible loss of principal. This is for information purposes only and is not to provide tax or legal advice regarding your situation. For tax or legal advice, please contact your tax or legal professional. Trust and Investment Services by MEMBERS Trust Company, a federal thrift regulated by the Office of the Comptroller of the Currency. Non-deposit products offered through MEMBERS Trust Company. Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee, Not a deposit of any financial institution.

ENJOY EXCLUSIVE SAVINGS EVERY DAY

Members have saved nearly \$2 billion with Love My Credit Union® Rewards!



Get more from your credit union membership at

[LoveMyCreditUnion.org](http://LoveMyCreditUnion.org)

LOVE MY CREDIT UNION® REWARDS



Beacon Credit Union is not affiliated with the businesses listed above and is not endorsing their products as a preferred provider. The benefit is derived from the Love My Credit Union program. Beacon Credit Union does not attest to the accuracy or quality of products or services provided by Sprint, Turbo Tax, ADT, or other retailers associated with the Love My Credit Union Program.



## How to Contact Beacon Credit Union

### Auburn (both locations)

(260) 925-0800

### Crawfordsville

(765) 364-1023

### Decatur

(260) 724-8652

### 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

### Richmond

(765) 935-2222

### Rochester (504 Main Street)

(574) 223-1504

### Rochester (430 Rouch Pl. Dr.)

(574) 223-4871

### Rushville (152 E. US Highway 52)

(765) 932-1801

### Rushville (Ag Office)

(765) 932-2750

### Seymour

(812) 522-9527

### Wabash (all branches)

(260) 563-7443

### Warsaw

(574) 268-1276

### Washington

(812) 257-8801

### Department Extensions

Collections..... ext. 2044

Beacon Inv. Services..... ext. 6415

Beacon Trust Services..... ext. 2013

Contact Center ..... "0" or "3"

Email: [beaconcu@beaconcu.org](mailto: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

## Earning to Give

Like many young kids, Bryden Ricker came into our Huntington branch this past summer with a change jar filled with hard earned money. But the story behind this jar was more than just ordinary.

Bryden this past summer set up a lemonade stand in front of his house not looking to buy a bike or a gift for himself, he was doing his part to help others less fortunate than himself. He donated the money he earned from the stand to Riley Hospital. While selling his lemonade he would also sometimes entertain with his harmonica to drum up extra donations. He came up with the idea by noticing the local YMCA was doing a Hawaiian punch fundraiser.

The Rickers took Bryden's earnings to Beacon where they deposited the funds into Beacon's Riley donation jar. When we found out what Bryden was doing, we posted his pictures and story on Beacon's Facebook page in hopes of helping him raise even more. As an added incentive, Beacon pledged to match whatever money Bryden collected from his stand (up to \$500).

To nobody's surprise, Bryden went above and beyond earning \$500, making his donation to Riley Hospital in the amount of \$1,000!

We're proud of this amazing young man and our great Huntington community which helped support his mission to help others. It's amazing what one child with creativity, open heart, and a change jar can do.



AMERICAN SHARE INSURANCE

Each account insured up to \$250,000.

By members' choice, this institution is not federally insured.