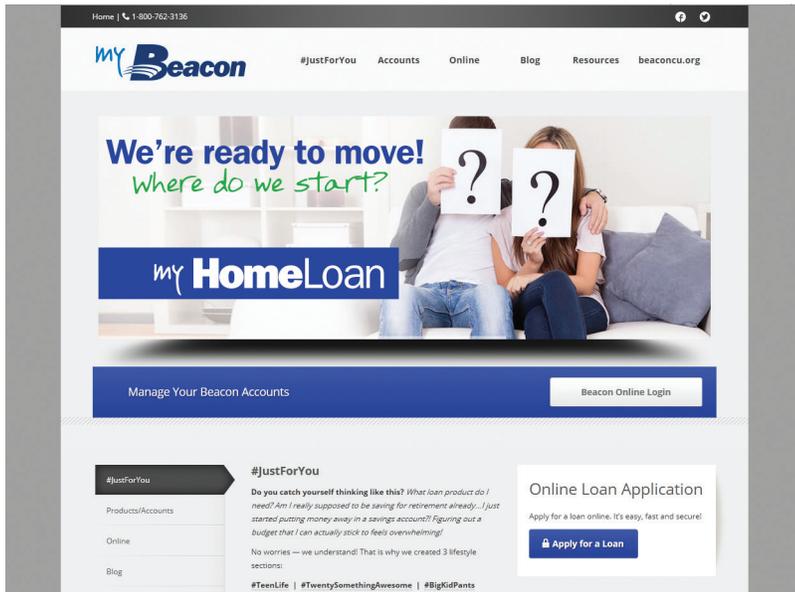


Beacon launches new website for Millennials

Beacon Credit Union is proud to announce the launch of a new website, my.beaconcu.org. MyBeacon will operate in addition to the current www.beaconcu.org website, however, it features a fresh look and conversational tone specifically designed to address the unique financial needs of the 35 and younger sect: setting a budget, making the most of your paycheck, how to buy your first home, and how to begin saving for retirement.

Not only will MyBeacon include our standard online banking and online loan application tools; it will offer a holistic approach to improving financial literacy skills and feature great life tips in the form of a blog. The entertaining and lively blog is filled with posts on a variety of topics, ranging from how to create a budget and calculating debt ratio, to how to ask for a raise and money questions to ask before you get engaged.

In addition, MyBeacon provides lots of great budgeting worksheets and



Check out our new website today at my.beaconcu.org

electronic spreadsheets to help you keep track of your expenses. MyBeacon will also offer members access to Savvy Money Checkup – a free online tool that helps give credit union members a clear understanding of their financial health by providing an in-depth financial analysis of their current financial situation.

MyBeacon, my.beaconcu.org, was created as a result of a generational focused campaign that Beacon has implemented in order to better serve the needs of our younger demographic. The design, graphics, jargon, and tools were created to help guide our younger members throughout their financial life by providing products and services that are geared towards the particular life events that they may be currently facing.

Be sure to check out MyBeacon at my.beaconcu.org.



March 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 March 14th, 2014
Rates Subject to Change



Asset Location & Timing to Reduce Taxes in Retirement

Location, location, location ...

It matters when it comes to real estate, and it also matters when it comes to the way you hold and invest your retirement savings.

You can't control what happens with the tax code, but you can control how your savings are held. As various types of investments are taxed at varying rates, some investments are better held in taxable accounts and others in tax-deferred accounts.

- Funds that trade frequently (such as bond funds and money market funds) are better off in tax-deferred accounts, as much of their yields represent taxable income.
- Traditional IRAs are tax-inefficient (relatively speaking), and by holding a traditional IRA within a tax-deferred account, you can delay paying tax on those IRA assets until you withdraw them in retirement (when you will presumably be in a lower tax bracket than you are now).
- What kinds of investments are usually better off in taxable accounts? Think index funds, growth funds, tax-managed funds and ETFs that tend to generate capital gains (growth funds especially are prone to reinvesting profits). In light of long-term capital gains rates, keeping these types of investments in taxable accounts makes sense.^{1,2}

Timing isn't everything, but ...

The timing of withdrawals from

retirement accounts can have a major impact on your income taxes – and the longevity of your savings.

You don't want to outlive your money, and you want your income taxes to be as minimal as possible once you are retired. To that end, you want to withdraw from your retirement accounts in a tax-efficient way.

By drawing down taxable accounts first, you'll face the capital gains tax rate instead of the ordinary income tax rate. Most retirees will see long-term capital gains taxed at 15%; for others, the long-term capital gains tax rate will be 0%.³ In taking money out of the taxable accounts to start, you are not only giving yourself a de facto tax break but also giving the retirement funds in the tax-advantaged accounts more time to grow and compound (and even a year or two of compounding and growth can be significant if you have held a tax-advantaged account for decades). Withdrawals from tax-deferred accounts – such as traditional IRAs and 401(k)s and 403(b)s – can follow, and then lastly withdrawals from Roth accounts.³

Following these asset location and distribution approaches may leave you with more retirement income – in fact, Morningstar estimates that in tandem, they can boost a retiree's income by about 8%.¹

Tax loss harvesting can also help. Selling losers during a given year (i.e., stocks or mutual funds you have held for a year or more that are worth less than what you originally paid for them) will give you capital

losses. These can directly lower your taxable income. As much as \$3,000 of capital losses in excess of capital gains can be deducted from taxable income, and any remaining capital losses above that can be carried forward to offset capital gains in upcoming years. Additionally, whenever you sell stocks or funds with capital gains, strive to sell shares or units having the highest basis to reduce the gain.⁴

If you receive a lump-sum payout, don't put it in the bank.

If you take direct control of that money, you are triggering a taxable event and your income taxes for that year could be staggering. An alternative outcome: make a direct rollover of the lump-sum payout (qualified distribution) into a traditional IRA. That move will exclude that money from your total taxable income for the year, and put you in position to take taxable annual Required Minimum Distributions (RMD), with the taxable RMDs being smaller than the taxable lump sum. (Alternately, you could directly roll the lump sum payout into a Roth IRA, which would leave you paying taxes on the conversion but set you up for tax-free withdrawals in retirement if Roth IRA rules and regulations have been followed).^{5,6} (cont. on back)



Michael D. Farner



Tiffany J. Hauptert

Management Report - 2013 in Review

I am proud to report that your Credit Union remained true to our mission, by focusing on the needs of our owners. As our mission instructs, remaining responsive to the financial needs of our membership by providing fair and competitive financial products and services, Beacon Credit Union operated each day to sustain the confidence of its 46,725 member-owners. We have been successful year-after-year by recognizing our existence is dependent on our ability to provide quality products and services on a safe and consistent basis.



Kevin Willour - President/CEO

Members, who utilize Beacon Credit Union for their borrowing needs, recognize the terms and conditions contained in our loan agreements are uniquely developed for our member-owners. Beacon Credit Union has consistently utilized proper underwriting standards and extended responsible loan terms to enable members to responsibly achieve their financial goals. Your Credit Union relies on members fulfilling their borrowing needs from Beacon Credit Union. Our ability to return above market deposit rates, maintain our excellent service standards, and keep fees below the competition is a direct result of the revenue generated from loan volume.

During 2013, members realized the benefits of owning their local financial cooperative. Deposit account balances grew by \$51.9 million and outstanding loan balances grew by \$42.8 million. Also during 2013 depositors received \$9.5 million in dividends and \$738,000 was returned to member-borrowers in the form of a 4% loan interest rebate. Operating expenses continued to be maintained at levels well below industry standards, as non-interest expense required 2.17% of average assets. Beacon Credit Union raised its reserves and undivided earnings to \$150.8 million.

Looking back at 2013, I would be remiss if I did not mention, even though it was a year filled with many accomplishments, it was also a year with sadness and loss for our Beacon family. Former President/CEO Bruce Ingraham passed away unexpectedly on April 8, 2013. Bruce was a dynamic visionary leader throughout his 32 year tenure with Beacon Credit Union and he was the standard bearer for our Credit Union's "People Helping People" philosophy. Bruce will be missed by all who knew him.

Maintaining confidentiality and accurate records will continue to be a priority for our Credit Union. Significant technology enhancements are continually undertaken to safeguard records, protect our members, and position Beacon Credit Union at the forefront in the delivery of its products and services.

MoneyHelp - BudgetingTools - LifeTips



*because life just
got real*

Check out our new website at

my.beaconcu.org

The things we do for our clients

Recently I was discussing with one of our staff how a couple of years ago I assisted in getting one of our older client's driving again after being grounded due to a move to Indiana. Later, I also explained how we can get involved in property management, provide management services for employees (such as healthcare workers when serving as trustee), and dealing with many other personal family situations.

The feedback I received was amazed revelation that we did these kinds of things for our clients.

This has prompted me to recall and mention a few more things that Trust Officers do as part of their job - which are not found in a job description.

- A fellow Trust Officer at a credit union in New York State mowed the lawn for an elderly client because there was no one else to do it.
- In the early 1980's I once went shopping for (and purchased) a coffin for an elderly client, as she was in a nursing home and could not leave. She wanted me to do it because she "trusted me to find her a good one." In later years, this same client suffered from some early dementia and became somewhat cantankerous while living in a large upscale nursing home. While being restricted to a wheelchair, she would wait in the hallways for other residents to go by in their wheelchair and then swoop in and ram them with her wheelchair.

About once annually I would need to call her attorney in Detroit, and we would meet with the nursing home management - who insisted she would have to leave or be restrained if she continued her bushwhacking ways. We would have to get everyone calmed down, and our client would promise to be good for a while longer.

- While serving as Trust Officer in Orlando, Florida we had a wealthy and genteel southern lady whose account I inherited from a previous Trust Officer. The account was of a size and complexity that we would meet at her home on a quarterly basis.

These meetings were formal affairs and she had lunch prepared by her servant which was served in the dining room where we would discuss the portfolio. While having lunch she insisted on having one glass of scotch whiskey and expected her Trust Officer to join her so she would not drink alone. Obviously, going back to the office smelling of scotch was not a good career move. Especially, as I was the department head.



After a shaky start where I declined to accept a lunch "beverage," I quickly proposed a new plan for a very early dinner at 5:00 PM so that dining protocol could be met and reputations and trust accounts could be maintained. The relationship went well for years, and I ultimately settled her estate, sold her beautiful lake home, and administered a testamentary trust she had set up.

Trust Officers have hundreds of stories like these. When we talk to prospects, we tend to focus on formal and administrative investment responsibilities. But it is after the relationship is established that they come to understand that they are buying much more than just probate avoidance, bookkeeping, and investment advice.



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

Beacon Credit Union Kicks Off Project Spotlight 2014



Project Spotlight is back! Project Spotlight is our community support program designed to discover worthwhile projects in each area that Beacon serves. Our hope is to be able to support community projects both large and small, and bring awareness to the many good things happening in our communities every day. As we enter the fourth year of nominations for Project Spotlight - we wanted to answer your questions so you can get involved in 2014!



Who will you shine a light on?

What is Project Spotlight?

Project Spotlight is a charitable giving campaign that allows community members to nominate local charities, non-for-profits, and community projects for the potential to earn funding from Beacon Credit Union. First, we ask community members to submit the local projects and organizations that they feel deserve support. Then, in the summer we will open up the voting process and have communities vote for their favorite nominees.

What types of charities/projects can be nominated?

To be eligible to participate in Project Spotlight, the nominee must be a charitable organization, non-for-profit, or local community project that is based in, or directly serves, one of the 12 communities in which we have a Beacon branch (full list available at www.beaconcu.org).

One of the best things Project Spotlight accomplishes, is to provide an outlet for smaller charities and home-grown local charitable projects to have an opportunity to earn critical financial support and the chance to gain publicity to increase the community's awareness of their mission.

In the three years since we first launched Project Spotlight, a total of 104 projects have earned money through the contest, and many of the winners were small local projects that didn't have the ability to do wide-scale fundraising on their own.

How can I nominate a project?

You can nominate a project online at www.beaconcu.org or you can stop into any of our branch locations and fill out a paper nomination form.

What if someone has already nominated the project I nominate?

That's fine! It's better to have duplicate nominations for one project, instead of a great project that doesn't get nominated because everyone thought someone else had probably nominated it already.

Can I nominate more than one project?

Yep! Nominate as many as you want in your community!

Do I have to be a Beacon member to nominate a project?

Not at all. Project Spotlight is designed to involve everyone in the community – Beacon members and non-members alike!

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

CD/IRAsext. 2230

Collectionsext. 2044

Consumer/Ag Lendingext. 2200

Real Estate Lendingext. 2200

Beacon Inv. Servicesext. 6415

Beacon Trust Servicesext. 2013

VISAext. 6112

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.

Incidentally, it is often more advantageous to take an in-kind distribution of company stock rather than rolling shares over to an IRA. The question is whether you want to pay ordinary income tax or capital gains tax. If a lump-sum distribution is taken off the shares, the investor pays income tax on the original cost basis of the stock. If the distribution is in-kind (i.e., the payout is in securities, not cash), the net unrealized appreciation (NUA) remains tax-deferred until the securities are sold. At their sale, the NUA is taxed as a long-term capital gain.⁵

Lastly, consider living in a state where taxes bite a little less. Not everyone can afford to move, but in the long run, living in Florida, Nevada, Washington, Texas or other states that are relatively tax-friendly for retirees can help. Even moving to another town within your current state might result in some tax savings.^{6,7}

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

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