

RED WING CREDIT UNION



QUARTERLY FOCUS

Preview Fall 2022

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www.redwingcu.com



CREDIT UNION MILESTONE

At Red Wing Credit Union, we realize our employees are our greatest asset. It is our staff that upholds our mission of providing excellent service to our members. In August, we celebrated Linda Dietz and her 35 years of dedicated service at the credit union. Linda began her career as a teller in 1987 and currently works in our Accounting Department. We would like to thank Linda for her 35 years of dedicated service to our credit union and its membership.



CONGRATULATIONS LINDA!



**APPLY ONLINE,
ANY TIME THAT'S
CONVENIENT FOR YOU.**

Red Wing Credit Union makes it easy for you to apply for a loan when the time is right for you. Complete a simple online application and a member service representative will contact you to finalize the details.



SCHOLARSHIPS AVAILABLE!

Red Wing Credit Union is excited to partner with the Minnesota Credit Union Foundation Scholarship Council to offer \$16,000 in \$1,000 individual scholarships to our members. Any Red Wing Credit Union member pursuing post-secondary education in the Fall 2023/Spring 2024 OR is a high school senior graduating in 2023 is eligible to apply.

Applications are currently being accepted online at www.mnfsc.org now through November 30, 2022.

2022 SCHOLARSHIP QUESTION:

With rising costs of living, how has this impacted your financial goals and how can your credit union help you achieve them?

Essay tips: Please share your personal story; use the specifics you identified in the preliminary questions to write your essay.

TIPS TO AVOID FRAUD

Please keep these tips in mind to help safeguard your identity and protect your finances against scams.

If you suspect fraud or spam, we encourage you to report it by calling us at 651-388-7133.

- Do not share your account login information with anyone else. Companies may require routing and account numbers for things like direct deposit, but they will never need your online banking password for deposits.
- Never send money to someone you've only corresponded with via phone, email, or messaging services.
- Never click unsolicited links or respond to suspicious texts or emails.
- If you are suspicious when someone calls claiming to be from a specific company, hang up. If you choose to call them back, do not use the number from which the call came. Go to the company's official site, find their contact information, and verify legitimacy.
- Do not purchase gift cards for anyone who claims you owe them money. A legitimate company will not accept gift cards as valid payment.
- Do not forward funds for someone else.
- Never send money back to an unknown individual who claims you were overpaid.

CHRISTMAS CLUB REMINDER

If you have a Christmas Club savings account, the balance will be deposited into your share savings account the first week in November, unless you have made other arrangements.

Red Wing Credit Union has club accounts to help you

save for all sorts of life events, not just for Christmas. You can name it "Vacation Club", "Birthday Club", "Emergency Club"; call it whatever you want and save simply through payroll or automated transfers. It is easy and fun to watch your balances grow – why not set one up today!

INVESTMENT CORNER

by Rich Douglas



TRADITIONAL VS. ROTH IRA

Traditional Individual Retirement Accounts (IRA), which were created in 1974, are owned by roughly 36.6 million U.S. households. Roth IRAs, created as part of the Taxpayer Relief Act in 1997, are owned by nearly 27.3 million households.¹ Both are IRAs, and each is quite different.

Up to certain limits, traditional IRAs allow individuals to make tax-deductible contributions into their account(s). Distributions from traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 72, you must begin taking required minimum distributions.^{2,3}

For individuals covered by a retirement plan at work, the deduction for a traditional IRA in 2022 is phased out for incomes between \$109,000 and \$129,000 for married couples filing jointly, and between \$68,000 and \$78,000 for single filers.⁴ Within certain limits, individuals can make contributions to a Roth IRA with after-tax dollars. To qualify for a tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½.

Like a traditional IRA, contributions to a Roth IRA are limited based on income. For 2022, contributions to a Roth IRA are phased out between \$204,000 and \$214,000 for married couples filing jointly and between \$129,000 and \$144,000 for single filers.⁵ In addition to contribution and distribution rules, there are limits on how much can be contributed each year to either IRA. In fact, these limits apply to any combination of IRAs; that is, workers cannot put more than \$6,000 per year into their Roth and traditional IRAs combined. If a worker contributed \$3,500 in a given year into a traditional IRA, contributions to a Roth IRA would be limited to \$2,500 in that same year.⁶ Individuals who reach age 50 or older by the end of the tax year can qualify for “catch-up” contributions. The combined limit for these is \$7,000.⁶

Both traditional and Roth IRAs can play a part in your retirement plans. Once you’ve figured out which will work better for you, only one task remains: open an account.⁷

	Traditional IRA	Roth IRA
Tax-deductible contributions	✓*	✗
Tax-deferred growth	✓	✓
Tax-free withdrawals	✗**	✓***
Income limit for 2021 contributions	Deduction phases out for adjusted gross incomes between \$109,000 and \$129,000 (married filing jointly) or between \$68,000 and \$78,000 (single filer) ⁴	Eligibility phases out for adjusted gross incomes between \$204,000 and \$214,000 (married filing jointly) or between \$129,000 and \$144,000 (single filer) ⁵
Distributions required at age 72?	✓	✗

* Up to certain limits

** Distributions from traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 72, you must begin taking required minimum distributions.

*** To qualify, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½.

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1. ICI.org, 2022

2. IRS.gov, March 12, 2021. Under the SECURE Act, in most circumstances, once you reach age 72, you must begin taking required minimum distributions from a Traditional Individual Retirement Account (IRA). You may continue to contribute to a Traditional IRA past age 70½ under the SECURE Act as long as you meet the earned-income requirement.

3. Up to certain limits, traditional IRAs allow individuals to make tax-deductible contributions into their account(s). Distributions from traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 72, you must begin taking required minimum distributions.

4. - 6. IRS.gov, 2022

7. The Tax Cuts and Jobs Act of 2017 eliminated the ability to “undo” a Roth conversion.

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ARTWORK AT THE CREDIT UNION

We are excited to continue our partnership with Red Wing Arts to showcase our talented local artist community. The Plein Air collection will be featured on the walls throughout Red Wing Credit Union through August 2023. Plein Air (which approximates to “open air” in French), is a study of how light and shadow interact, creating a snapshot of one moment in time – and each year, artists come from around the region to paint recognizable scenes of our beautiful town. Please come in and take a look at this amazing exhibit.



Fall HOLIDAY CLOSINGS

Columbus Day/CU Forward Day

.....Monday, October 10, closing at Noon

Veteran’s DayFriday, November 11

Thanksgiving Day Thursday, November 24

Christmas Eve Saturday, December 24

Christmas DayMonday, December 26

Remember, you can access your credit union accounts 24/7 via www.redwingcu.com, Touch Tone Teller, and our mobile banking app. You can also obtain cash with an ATM or check card. Come to the office and talk to a member service representative about these free services.



CU FORWARD DAY

CU Forward Day is a day when credit unions come together to spread kindness and demonstrate the “people helping people” philosophy with cooperative principles in action. Held annually the second Monday of October, credit unions are encouraged to participate by selecting a giveback opportunity that means the most to their staff and community. In 2021, there were 2,300 volunteers from 64 credit unions dedicating their day to community service projects totaling over 10,000 hours of service.

Red Wing Credit Union will be participating in CU Forward Day on Monday, October 10 (Columbus Day). The credit union will be open from 8:30 a.m. until 12 p.m. noon. After closing our doors at noon, the credit union staff will be participating in a community service project.

CHECK OUT OUR
NEW SOCIAL MEDIA
PAGES ON FACEBOOK
AND LINKEDIN

