

**Saving for Retirement: Traditional IRA vs. Roth IRA**

# **MCU News** & MEMBER REPORT

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[www.memcu.com](http://www.memcu.com)



**Peak Performance  
on a Secure Investment**

# Peak Performance on a Secure Investment!

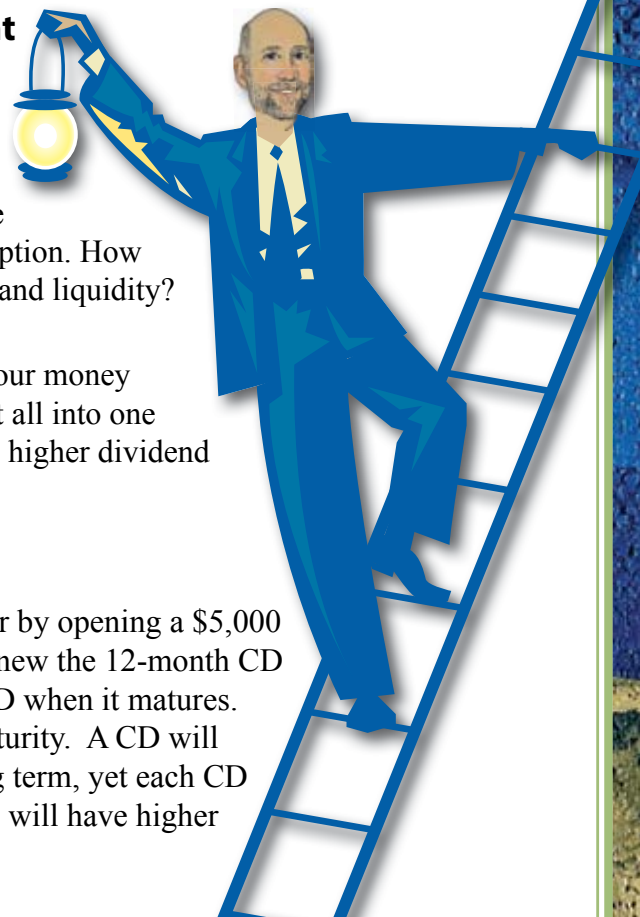
## Build a CD ladder and improve your return on investment

Opening a Certificate of Deposit (CD) is a low risk way to invest. Typically this type of investment offers a lower return than high risk stocks or mutual funds and limited liquidity. Still the fact that CDs are secure, federally insured for up to \$250,000 by the NCUA, and have a guaranteed rate of return makes this type of investment an attractive option. How can you take advantage of a CD's security while increasing your return and liquidity? The best strategy is to ladder your CD portfolio.

A CD ladder is an investment strategy that involves spreading your money out into multiple CDs with several different terms instead of investing it all into one certificate. This method allows some degree of liquidity while earning a higher dividend rate than a regular savings account or short term CD.

### How to Build a CD Ladder

Let's say you have \$15,000 to invest. You can build a CD ladder by opening a \$5,000 12-month CD, a \$5,000 24-month CD, and a \$5,000 36-month CD. Renew the 12-month CD as a 36-month when it matures and do the same with your 24-month CD when it matures. After two years you have built a three rung ladder with a 36-month maturity. A CD will mature every 12 months so not all of your money is tied up for the long term, yet each CD term is 36 months. In a typical rate environment longer-term maturities will have higher returns than shorter terms, thus increasing your rate of return.



### CD Ladder vs. One Year CD

(based on the three rung ladder described above)

Investment Period	CD Ladder	One Year CD (Renewed Annually)
Year One	\$15,196.21	\$15,150.69
Year Two	\$15,425.74	\$15,302.89
Year Three	\$15,674.37	\$15,456.62

\* Numbers based on current MCU CD Rates. Assumes interest rolled back into CD and not taken as a distribution. Compounded monthly.

# March Madness Bracket Contest

## Play for free and you could win a \$250 VISA Gift Card!

This year Members Credit Union is introducing an online March Madness Bracket Contest, a free contest that will test your ability to predict the winner of every game played during the NCAA Men's College Basketball Tournament. There is no cost to enter and all you need is an email address. The winner will receive a **\$250 VISA Gift Card** and a **replica college basketball jersey** from the team of his or her choice.

Visit [www.poolhost.com/memcummm](http://www.poolhost.com/memcummm) to enter. Click "Register" and fill out the information. Be sure to enter a valid email address because you will be sent a confirmation email with a temporary password. Once you receive your confirmation email you may log in to fill out your bracket. You must be registered and have your bracket filled out 15 minutes from the start of the first game in the tournament. To view complete instructions, read details, and register for free please visit [memcu.com/fastbreak](http://memcu.com/fastbreak).



# Roth IRA vs. Traditional IRA

An Individual Retirement Account (IRA) is a smart way to boost your retirement savings portfolio. These accounts are attractive because the Internal Revenue Service views your deposits and earnings differently. This gives you the potential to save thousands of dollars in taxes over your lifetime while contributing to an IRA.

Members Credit Union offers both Traditional and Roth IRA Savings Accounts and Certificates of Deposit (CDs). The IRA Savings Account is ideal when you're ready to start saving in an IRA but don't have the \$2,000 required to open an IRA CD. The minimum deposit to open an IRA Savings Account is just \$25. You may fund this account through payroll deduction, up to the maximum allowable contribution for your age level. This account pays a lower dividend rate than the certificates, but does not fix the length of time the money must remain in the account.

An IRA CD earns a higher dividend than the IRA Savings. At MCU we allow you to make one deposit a year into the CD to help increase your nest egg. Depending on your retirement situation you may choose to open either a Roth IRA CD or Traditional IRA CD. Traditional IRAs allow many Americans to make tax-deductible contributions, thus lowering one's tax burden. Roth IRAs do not deduct contributions from your income taxes each year. Instead, a Roth IRA allows your "after tax dollars" to grow tax free for the life of the account. This setup saves money in taxes while you are retired and likely to be on a fixed income.

Not sure which type of IRA is right for you? The chart below compares Roth and Traditional IRAs. Due to the complexity of the tax laws always consult with your tax adviser before making a contribution to an IRA. You may contact us with any questions at 1-800-951-8000.

Details	Roth	Traditional
Contribution Limits	\$5K a year until age 50 & \$6K a year if over 50	\$5K a year until age 50 & \$6K a year if over 50
Tax Deductibility	Never	Depends on income
Age Limits	No age limit to contribute	Contribute until 70.5
Income Limits	\$167K for married joint \$105K for single	No limits
Distributions	Tax free if qualified	Treated as ordinary income
Require Minimum Distributions	Not required	Required at age 70.5
Earnings	Grows tax deferred	Grows tax deferred
Tax on Distributions	Distributions are tax free	Distributions are taxable
Tax Credit	Available for savers credit	Available for savers credit

# NEWS BRIEFS

## Tax Day on April 18

Since 1955, taxes have been due on April 15. However when April 15 falls on a weekend, Emancipation Day, or any other holiday, tax day is moved to the following business day. This year, Washington D.C. will celebrate Emancipation Day on Friday, April 15. In observance of the DC holiday, Tax Day will be moved forward one business day, moving it to Monday, April 18. So, your tax form must be submitted electronically or postmarked by April 18, 2011 to be considered on time by the IRS. Keep in mind that the overseas exception due date will still be June 15, 2011.

## MCU Board Elections

Members Credit Union (MCU) announces Bill Parton, Jerry Church, Richard Trotter and Bill Tittsworth were elected by the credit union's membership to new three-year terms on the Board of Directors at the Annual Shareholders Meeting.

Credit unions are directed by democratically elected, volunteer boards. Every credit union member has a vote in board elections, which means they have a say in how their credit union is operated.

## State of Our Credit Union

Members Credit Union's 2010 Joint Report from MCU's CEO and President, Jack V. Braswell, Jr., and Chairman of the Board Bill Tittsworth is available on Ask Jack ([jackbraswell.com](http://jackbraswell.com)). The 2010 Joint Report reviews MCU's performance in 2010 and details what is coming in 2011. Questions and comments are welcome via the Ask Jack portal at [jackbraswell.com](http://jackbraswell.com).

# Community Action

## MCU's New Commercial

**Winston-Salem, NC** - Members Credit Union's newest commercial was filmed on location at the Main office and North Winston-Salem Branch with employee and member volunteers. It debuted on local Greensboro channel WFMY during the weeks of February 7 and February 14.



Pictured here: our actors (from left to right): Bobie Logan, Ann Marie Bernhardt, Wendy Blakley, Betina Bullard, Amanda Bishop, Rob Semar, and Tanya Council. Not Pictured: Eric Stiff, Carla Kimel, Lisa Freeman, Mike Loggins, Bill Deal, and Gary Beals. Thank you to everyone who participated!

## Maria Justice Recognized by the HLPT



**Winston-Salem, NC**-The Hispanic League of the Piedmont Triad (HLPT) recognized Maria Justice, MCU Loan Officer, for serving on their Board of Directors. Maria has served on the board for three years and currently serves as the Treasurer for the Hispanic

League. She has participated in a variety of volunteer roles in her community for the Hispanic League that works to improve the lives of Hispanics/Latinos in Winston-Salem and Forsyth County by facilitating their inclusion, education, and health while promoting multicultural understanding, dignity, and respect.

## Tribute to USA & Latin America

**Winston-Salem, NC**- Carlos Patiño, MCU's Director of Latino Services is proud to be in the United States. "I love American people," he declares. Originally from Peru, Carlos enjoys celebrating culture from the USA and Latin American countries. Thanks to donations



from his friends in the community, Carlos has amassed a collection of souvenirs from many different Latin American countries and the USA. Currently his collection is on display in his office at MCU located at 2098 Frontis Plaza Blvd. in Winston-Salem, NC.

# Members CU's Current Rates

## Loan Rates

(Rates shown as Annual Percentage Rate)

### Fixed Rate Loans

New Car or Truck ..... 5.25\* - 6.75%  
Used Car or Truck ..... 5.25\* - 6.75%

\* The lowest rate requires 15% equity/down payment. The highest rate is for 100% financing.

Debt Consolidation Loan ..... 10.20%  
Personal Computer ..... 10.75%  
Vacation/Christmas ..... 10.75%  
First Mortgage ..... (Call for a quote)  
Land ..... Prime+1%

### Variable Rate Loans

Boats and RVs ..... 7.50%  
Visa Credit Card, Personal Loan or  
Unsecured Credit Line ..... 10.25%  
Equity Access ..... 5.50%  
Savings/Certificate Secured ..... 2.00%

## Savings Rates

(Rates shown as Annual Percentage Yield)

Share, Trust, & Custodian Accts. .0.35%  
Checking Accounts ..... 0.10%  
Super 60 Savings ..... 0.95%  
Money Market Accounts ..... 0.50%  
Christmas Club ..... 0.10%  
IRAs ..... From 1.01-1.92%  
5-Month Certificate ..... 0.75%  
6-Month Certificate ..... 0.80%  
12-Month Certificate ..... 1.01%  
18-Month Certificate ..... 1.16%  
24-Month Certificate ..... 1.31%  
36-Month Certificate ..... 1.61%  
60-Month Certificate ..... 1.92%

**NOTE:** Rates shown throughout this publication were in effect at press time, but are subject to change without notice. Current rates can be obtained via the contact information below.

### Members Credit Union

2098 Frontis Plaza Blvd.  
P. O. Box 5297  
Winston-Salem, NC 27113-5297  
(336) 748-4800  
(800) 951-8000 (toll-free)

[www.memcu.com](http://www.memcu.com)

