

# Financial Issues

SUMMER 2021

CEFCU® Investment Services and Wealth Management

## Are You Saving Too Much?

Among the many changes from the COVID-19 pandemic, one of the most noticeable was a change in American spending habits. A survey released in March 2021 by Pew Research shows Americans have increasingly chosen to save extra money rather than invest it.<sup>1</sup>

Many Americans received stimulus checks and extended unemployment benefits. While it's prudent to take certain financial precautions in difficult times, it's also important to remember a good financial strategy takes good times and rough times into account, through savings and investing.

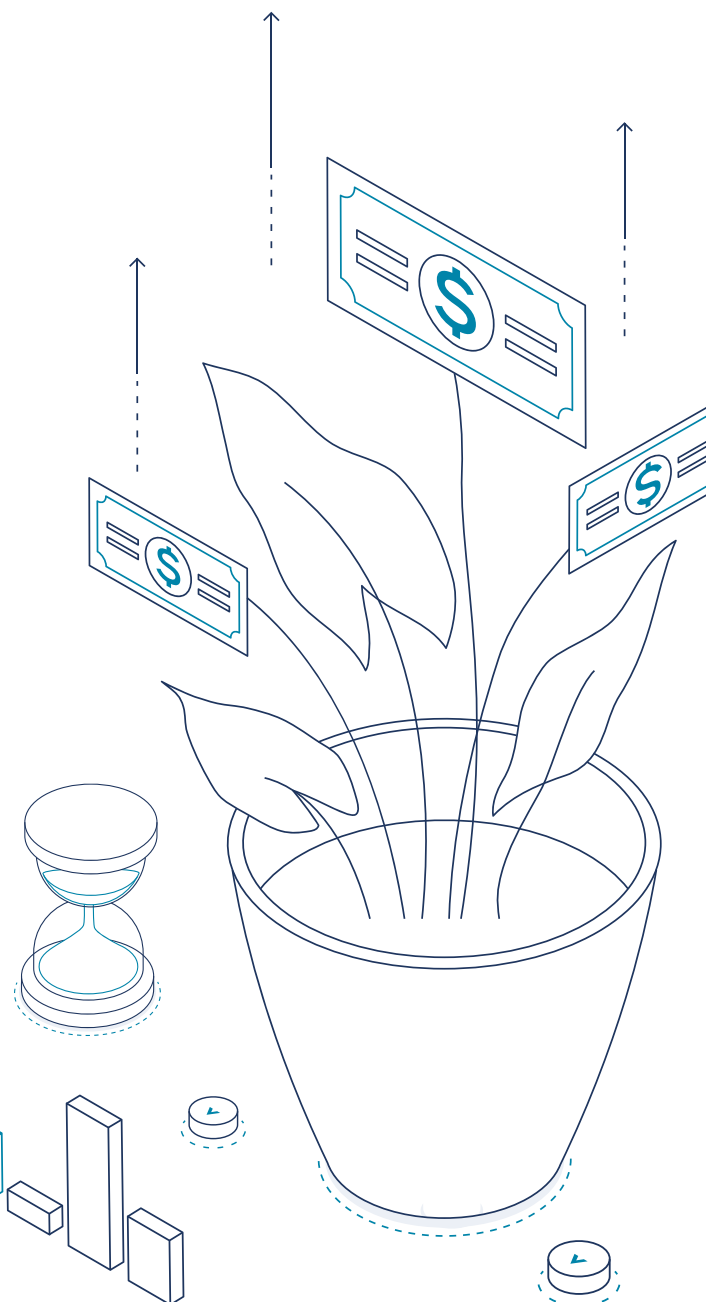
### Savings Versus Investing

Could money sitting on the sidelines in a savings account be working harder for you through investments? Even though more than half of U.S. households have some form of investment in the stock market, many still don't use investments *as an additional way* to help increase their bottom line.

If you're in the market — stay the course! You've taken advantage of a powerful financial asset: time. If you want to explore investing:

- ◆ **Jot down all the financial questions and scenarios you can think of** — no matter how silly they may seem — to help you better define your short-term and long-range financial goals.
- ◆ **Ask: what's your end goal?** What expenses do you anticipate in 5, 10, or even 15 years from now? Will keeping money at a lower interest-bearing account get you where you want to be?
- ◆ **Remember: it doesn't take a huge lump sum to invest.** Even depositing \$100 a month into an investment account is a step toward impacting your bottom line. And, as your circumstances change, you may be able to contribute even more over time.

*Continued on page 2*



## Options for Low Savings Rates on Certificates and Savings Accounts

You have alternatives! Instead of leaving your money in a savings account (often yielding 1% or less) or other lower-interest, fixed-rate accounts, such as a Certificate, you could build retirement savings through other investments with little or no connection to stocks, such as managed bond funds or even more predictable income solutions with fixed annuities. The returns may prove to be much greater than what you may be earning now.

We may not be out of the woods as far as COVID-19 is concerned, but we are at a point where life after the pandemic is underway. **Make a no-obligation appointment with an Advisor!** Have a conversation about your cash position with the days ahead firmly in mind, as well as reviewing *your* savings and investment choices.

Advisors are available:

- ◆ by phone at 309.633.2571 or 1.800.356.7865, ext. 32571
- ◆ online at [cefcu.com/advisor](https://cefcu.com/advisor)
- ◆ in-person at most Member Centers.

**CEFCU**<sup>®</sup> Investment Services

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Citation.

1. [pewresearch.org/social-trends/2021/03/05/a-year-into-the-pandemic-long-term-financial-impact-weighs-heavily-on-many-americans](https://pewresearch.org/social-trends/2021/03/05/a-year-into-the-pandemic-long-term-financial-impact-weighs-heavily-on-many-americans) [5/21]

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To register, go to [cefcu.com/seminars](https://cefcu.com/seminars).



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## Advisor Spotlight: Joni Hootman named “Woman of Distinction”



Joni Hootman, CRPC<sup>®</sup>, Financial Advisor at CEFCU Investment Services, has been named a “Woman of Distinction” by CUNA Brokerage Services, Inc. This recognition honors female financial advisors for their superior performance and extraordinary efforts in promoting financial security. Candidates are nominated by industry peers, and selections are based on criteria including annual performance metrics and quality of service to clients.

**Congratulations, Joni!**

# What Can I Do with My 401(k)?

## The Best Option: A Direct Rollover IRA to CEFCU® Wealth Management

If you're changing jobs (or even considering it) **and** you have an employer-sponsored retirement account, like a 401(k) or 403(b), your best option is a Direct Rollover Individual Retirement Account (IRA) to CEFCU Wealth Management.

### The "Could's" Could Cost You

Taking a cash distribution might be tempting, but you will pay a tax penalty<sup>1</sup>. You could take an indirect rollover, but only have 60 days to re-invest the funds in a new retirement account to avoid taxes and penalties.

You could transfer funds to your new employer's plan or leave it with your previous employer, *but* they may charge higher fees, offer limited investment choices, or have balance restrictions.

## Transfer to a Direct Rollover IRA Tax-Free!

With a direct rollover IRA, you transfer your money directly from one retirement account to another. No money is withheld for taxes. The transfer is tax-free! Other benefits:

#### ◆ Diversify for More Growth Potential

When you roll your savings into an IRA, the world of investment options broadens to include stocks, bonds, Exchange-Traded Funds, and other funds for potentially better long-term results.

In general, 401(k) or 403(b) plans offer limited investment options, which limit your bottom line.

#### ◆ Get Personal Attention and Professional Management

Most 401(k) plans don't provide access to a personal advisor. You can pay robo-advisors or online brokers for advice with moderate to minimal human contact. Or, you can have periodic, human conversations with an investment manager like Kevin (for a competitive fee) who knows you and your goals.

#### ◆ Lower Fees and Costs

In most instances, you can save fees by directly rolling 401(k) funds into an IRA.

Leaving or transferring 401(k) funds in an existing or new plan often have administrative costs, such as fund expenses, which may be deducted at the fund level, impacting your overall investment return. You may also pay additional fees at the account level.

### The Bottom Line

Receive personal service to discuss your investment goals with Kevin Barbier, CERTIFIED FINANCIAL PLANNER™ professional and Trust and Investment Officer, part of the Members Trust Company and CEFCU Wealth Management team. Kevin follows the same standards that guide *your* Credit Union — always looking out for your best interests.

Contact Kevin Barbier at 309.633.3836 or 1.800.356.7865, ext. 33836, or go to [cefcu.com/wealth](https://cefcu.com/wealth).



**Kevin Barbier**  
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Management Officer  
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**CEFCU**® Wealth Management

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Citation.

1. [dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs](https://dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs) [4/21]



## Investment Services & Wealth Management

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## Personal Banking Options, too!

If you need a full range of wealth management services, a member of CEFCU's Private Member Group can meet with you at your office or home — whichever is most convenient for you. Services include facilitating:

- ◆ Personal lines of credit
- ◆ Jumbo or specialized mortgages
- ◆ Construction financing
- ◆ And, much more!

Brad Schupp, CEFCU's Private Member Group manager, has over 25 years of experience serving members with diverse financial needs. Contact Brad at 309.633.7489 or 1.800.356.7865, ext. 37489 or at [bschupp@cefcu.com](mailto:bschupp@cefcu.com).



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