



### *Dear Members,*

2021 was another crazy year and here at NCCYou, we are looking forward to 2022 with a renewed focus of HEALTH for our members, staff, and communities. We can't make you go for that run, drink that smoothie, or start that meditation practice, but we are committed to spreading the knowledge and refining the services that can make you as FINANCIALLY healthy as you can be. So what will that look like?

1. Improved financial products and services designed to boost the credit score and financial health of all people.
2. A renewed focus on doing even more charity and community work- watch for ways you can join us!
3. Our Youth Program will be even more fun and engaging this year with events, contests, education, and more (hopefully more in person!). We are partnering with Rock Ridge for some exciting educational opportunities, watch for more info!
4. Going back to our Credit Union roots- through stories, celebrating our members past and present, and educating on what it means to be NCCYou and why that is so important.

**Join us in making 2022 fun, healthy, and rewarding!**

**Keep an eye out for social media posts, articles (pg 2-3!), emails, contests, and more.**

***Cheers to YOU and thank you for being a part of NCCYou.***



### **your 2022 wellness checklist:**

- ✓ **body**
- ✓ **mind**
- ✓ **finances**

*Happy New Year!*

**Give us a call  
to speak with one  
of our Financial  
Counselors  
today!**

**218-279-3200  
[www.nccyou.com](http://www.nccyou.com)**



### Annual Financial To-Do List

Things you can do for your future as the year unfolds. Provided by Ed Grondahl

What financial, business, or life priorities do you need to address for the coming year? Now is an excellent time to think about the investing, saving, or budgeting methods you could employ toward specific objectives, from building your retirement fund to managing your taxes. You have plenty of choices. Here are a few ideas to consider:

**Can you contribute more to your retirement plans this year?** In 2022, the contribution limit for a Roth or traditional individual retirement account (IRA) is expected to remain at \$6,000 (\$7,000 for those making “catch-up” contributions). Your modified adjusted gross income (MAGI) may affect how much you can put into a Roth IRA. With a traditional IRA, you can contribute if you (or your spouse if filing jointly) have taxable compensation, but income limits are one factor in determining whether the contribution is tax-deductible.<sup>1</sup>

Keep in mind, this article is for informational purposes only and not a replacement for real-life advice. Also, tax rules are constantly changing, and there is no guarantee that the tax landscape will remain the same in years ahead.

**Once you reach age 72, you must begin taking required minimum distributions** from a traditional Individual Retirement Account in most circumstances. Withdrawals from Traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

To qualify for the tax-free and penalty-free withdrawal of earnings, Roth 401(k) distributions must meet a five-year holding requirement and occur after age 59½. Tax-free and penalty-free withdrawal can also be taken under certain other circumstances, such as the owner's death. Employer match is pretax and not distributed tax-free during retirement.

**Make a charitable gift.** You can claim the deduction on your tax return, provided you follow the Internal Revenue Service guidelines and itemize your deductions with Schedule A. The paper trail can be important here. If you give cash, you should consider documenting it. Some contributions can be demonstrated by a bank record, payroll deduction record, credit card statement, or written communication from the charity with the date and amount. Incidentally, the IRS does not equate a pledge with a donation. If you pledge \$2,000 to a charity this year but only end up gifting \$500, you can only deduct \$500.<sup>2</sup>

Make certain to consult your tax, legal, or accounting professional before modifying your record-keeping approach or your strategy for making charitable gifts.

**See if you can take a home office deduction for your small business.** If you are a small-business owner, you may want to investigate this. You may be able to write off expenses linked to the portion of your home used to conduct your business. Using your home office as a business expense involves a complex set of tax rules and regulations. Before moving forward, consider working with a professional who is familiar with the tax rules as they relate to home-based businesses.<sup>3</sup>

**Open an HSA.** A Health Savings Account (HSA) works a bit like your workplace retirement account. There are also some HSA rules and limitations to consider. You are limited to a \$3,650 contribution for 2022 if you are single; \$7,300 if you have a spouse or family. Those limits jump by a \$1,000 “catch-up” limit for each person in the household over age 55.<sup>4</sup>

If you spend your HSA funds for non-medical expenses before age 65, you may be required to pay ordinary income tax as well as a 20% penalty. After age 65, you may be required to pay ordinary income taxes on HSA funds used for nonmedical expenses. HSA contributions are exempt from federal income tax; however, they are not exempt from state taxes in certain states.



# Welcome, Winter!

## Membership matters

**Pay attention to asset location.** Tax-efficient asset location is one factor that can be considered when creating an investment strategy.

**Review your withholding status.** Should it be adjusted due to any of the following factors?

- \* You tend to pay the federal or state government at the end of each year.
- \* You tend to get a federal tax refund each year.
- \* You recently married or divorced.
- \* You have a new job, and your earnings have been adjusted.

Consider consulting your tax, human resources, or accounting professional before modifying your withholding status.

**Did you get married in 2021?** If so, it may be an excellent time to review the beneficiaries of your retirement accounts and other assets. The same goes for your insurance coverage. If you are preparing to have a new last name in 2022, you may want to get a new Social Security card. Additionally, retirement accounts may need to be revised or adjusted?

**Are you coming home from active duty?** If so, go ahead and check on the status of your credit and any tax and legal proceedings that might have been preempted by your orders.

**Consider the tax impact of any upcoming transactions.** Are you preparing to sell any real estate this year? Are you starting a business? Might any commissions or bonuses come your way in 2022? Do you anticipate selling an investment that is held outside of a tax-deferred account?

**If you are retired and in your seventies, remember your RMDs.** In other words, Required Minimum Distributions (RMDs) from retirement accounts. In most circumstances, once you reach age 72, you must begin taking RMDs from most types of these accounts.<sup>5</sup>

Vow to focus on your overall health and practice sound financial habits in 2022. And don't be afraid to ask for help from professionals who understand your individual situation.

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#### Citations

1. [thefinancebuff.com](http://thefinancebuff.com), August 11, 2021
2. [irs.gov](http://irs.gov), January 22, 2021
3. [nerdwallet.com](http://nerdwallet.com), July 31, 2020
4. [irs.gov](http://irs.gov), September 8, 2021
5. [irs.gov](http://irs.gov), May 3, 2021

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Virginia Staff dressed up for our Holiday party!



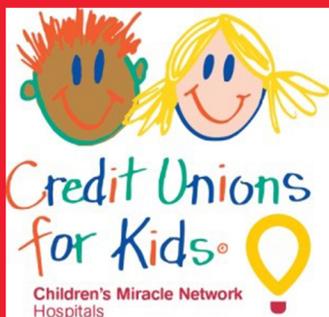
Silly faces!



Board Member, Shawn with his daughter and "friend" at the Festival of the Trees parade.



Duluth Staff dressed up for our Holiday party!



We will be raising money for the Children's Miracle Network again this winter, join us!  
You can make a donation at either of our branch locations or by calling us at 218-279-3200.

Thank you for helping us make a difference!!

## The 2022 Annual Meeting will be held Virtually on 03/07/22.

Call for nominations:

- 3- Three year expired terms for the Board of Directors
- 1- Three year expired term for the Supervisory Committee

To apply, please call us at 218-279-3200 and we will make arrangements to get you the application. The deadline for nominations is February 4, 2022.

Thank you!

More details to come, please visit [www.nccyou.com](http://www.nccyou.com)