

Member Insights



**MERCK EMPLOYEES
FEDERAL CREDIT UNION**

From the desk of the President/CEO:

Uncertainty Continues to Impact Markets and Rates

Financial markets favor stability and predictability, and without them, uncertainty abounds. From the coronavirus to the coming change that surrounds any election, there is plenty to keep markets and investors on edge these days.

So what does it all mean to the average consumer? For those invested in the stock market, there will likely be continued market ups and downs through year end. Beyond the stock market, the interest rate environment will likely remain very low for at least the near term. The Federal Reserve Board, which historically shies away from giving forward-looking statements on interest rates, has indicated rates will likely be low for at least the next few years. This means savers will struggle to find higher yields on savings accounts, and borrowers will enjoy lower rates when borrowing.

Although the Fed made these forward-looking statements about rates and although all signs point to low rates for the foreseeable future, things can change quickly. Rapid growth in the economy or an unexpected uptick in inflation could see the Fed reverse course, but consumers should buckle up for continued lower rates for at least the remainder of this year.

One of the most impactful byproducts of this rate environment is the effect on mortgage rates, which are most closely tied to the 10-year Treasury rate. The current Treasury market makes this an historically low rate environment to borrow for a mortgage, but it is not all rosy for homebuyers as a shortage in supply has kept home prices very high, even in the midst of a pandemic.

At your credit union, even through all the turmoil and uncertainty, you can count on very competitive rates on savings and loan products and one of the lowest fee structures of any financial institution, al-

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Federal Trade Commission Announces New Fraud Reporting Platform for Consumers: ReportFraud.ftc.gov

The Federal Trade Commission has launched a new website, ReportFraud.ftc.gov, where consumers can easily report fraud and all other consumer issues directly to the FTC.

"Every time you report scams or bad business practices to the FTC, you're helping to protect your community," said Andrew Smith, Director of the FTC's Bureau of Consumer Protection.

At ReportFraud.ftc.gov, you will find a streamlined and user-friendly way to submit reports to the FTC about scams, frauds, and bad business practices.

One new feature of the site is that consumers who file a report will receive next steps from the FTC with advice on what to do based on their particular report. The FTC has more information available for consumers, including a new video explaining how the site works.

Once completed, your report goes into the FTC's Consumer Sentinel database, which is available to more than 3,000 federal, state, and local law enforcement partners across the country.

The FTC also uses reports to spot trends, educate the public, and share data about what is happening in your community. You can check out what is going on in your state or metro area by visiting ftc.gov/exploredata.

The site takes the place of the FTC Complaint Assistant, and consumers visiting that site will be redirected to ReportFraud.ftc.gov to share their information. The site is also in Spanish at ReporteFraude.ftc.gov.



Member Q&A

Question:

Can I use mobile deposit to deposit a check over \$10,000?

Answer:

Yes. Before submitting the check for deposit, please contact us at 732-594-3317 to have your limit temporarily increased. The default mobile deposit limit is \$9,999.99.

Featured Loan & Deposit Rates

Auto Loans
as low as
2.75% APR*

E-Checking
as high as
0.376% APR*

Credit Cards
as low as
8.28% APR*

Savings
as high as
1.125% APR*

IRAs
as high as
1.875% APR*

Home Equity
as low as
3.25% APR*

*Annual percentage rate. Visit www.merckcu.com or visit a branch for more information.



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 allowing you to keep more of your money. As always, I encourage members to get educated on financial issues by utilizing our Financial Wellness Center which you can find at www.merckcu.com.

I also strongly encourage our IRA holders to get up to date on all the changes with IRAs stemming from Congressional action related to the pandemic, including not having to take a Required Minimum Distribution in 2020, raising the required distribution age to 72, and the ability to potentially withdraw money from your IRA penalty free if impacted by Covid. Your credit union is always adding content to its Web site to educate you on the latest IRA issues. For example, Congress made changes to the so-called "stretch IRA" that impacts the timeframe in which a beneficiary has to tap their IRA. You can read all about it below in the article titled "New Law Changes Payout Timeframe for IRA Beneficiaries".



Thank you for the continued support of your credit union.

Paul Gentile
 President/CEO

New Law Changes Payout Timeframe for IRA Beneficiaries

The SECURE Act ends the stretch IRA. Under the now "old rules" (before 2020), an individual designated beneficiary could extend post-death "stretch IRA" required minimum distributions over his lifetime. A young grandchild might have a 70-year payout period. But no more. The SECURE Act eliminates the stretch IRA and replaces it with a 10-year payout for most beneficiaries.

The people most affected are those with large IRAs who had planned on leaving the majority share of those accounts to their children and grandchildren with payouts extending over their lives. This notably includes any clients who named a trust as



Member Services: 732-594-3317
 Loan Department: 732-594-3018
 Debit Card Lost/Stolen: 800-554-8969
 Credit Card Lost/Stolen: 800-237-6211

Established in 1936, Merck EFCU is federally-chartered and federally insured by the National Credit Union Administration.



How can I order checks?

First time ordering a checks? Your initial check order MUST be placed by a Member Service Rep.

1. Visit our check partner Main Street's website (<https://www.mainstreetinc.com/check-program/personal-checks/>) to choose your check style.
2. Contact us at 732-594-3317 or visit a branch to place your initial order with the style and starting number.

Replacement check orders may be made online by visiting our the Main Street web reorder site (<https://orders.mainstreet-inc.com/ConsumerReorder?UseHeader=Yes!>).

their IRA beneficiary. Estate plans naming a trust as their beneficiary need to be readdressed immediately.

1. **Are current stretch IRAs for those who died before 2020 still good?** Yes, they are grandfathered, but only until the beneficiary dies, so payouts to the successor beneficiary (the beneficiary's beneficiary) will be limited to 10 years.
2. **Does this eliminate stretch IRAs for all beneficiaries?** No. The law carves out exemptions for certain beneficiaries now called eligible designated beneficiaries, or EDBs. Eligible designated beneficiaries are: surviving spouses, minor children, up to majority – but not grandchildren, disabled individuals – under the strict IRS rules, chronically ill individuals, individuals not more than 10 years younger than the IRA owner. The old stretch rules still apply to these beneficiaries, the same as before, but only while the beneficiaries still qualify as EDBs.
3. **Do grandchildren qualify as minors for the EDB exemption?** No. The law is clear on this. The EDB exemption from the 10-year rule is only for the child of the IRA owner or plan participant.
4. **How do the Required Minimum Distributions (RMDs) work under the 10-year rule? Are there RMDs during the 10 years?** No. Under the 10-year rule, there are no RMDs during the 10 years. Instead, the entire IRA balance must be emptied by the end of the 10 years. Beneficiaries can withdraw any amounts they wish over the 10 years, so beneficiaries do have some planning flexibility during the 10 years to withdraw funds when it best fits their tax situation during that time.
5. **Do Roth IRAs still qualify for the stretch?** No. Inherited Roth IRAs are subject to the same 10-year payout rule, except that the distributions will generally be tax-free. Converting to a Roth IRA may eliminate what could be a big tax bill within 10 years after death.

For more information on IRAs and retirement planning, visit Retirement Central on our website.

Merck representatives are not tax advisors. For more information regarding your specific tax situation, please consult a tax professional.