

A lot can happen in a year.



Credit Union Investment Services

Financial Planning Guide

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At least once a year it is important to review your financial information, take a look at your investment strategies, and prepare for filing taxes. Credit Union Investment Services has created this guide to help you prepare and plan for your financial future.

A lot can happen in a year: A new job or business, marriage, children, retirement, etc. These types of milestones can have big implications on your financial plan. Take a moment to list changes that have impacted your life during the past year.

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Now, let's take a look at some things to consider.

INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)

Review Your 2025 Contributions and Prepare for 2026

The maximum contribution limit for 2025 is \$7,000

If you are age 50 or older by December 31, the catch-up limit for 2025 is \$1,000 — a total contribution of \$8,000. This stipulation was added to help people who got a later start to their retirement planning.

Did you maximize your contributions this year?

The more you contribute and the earlier you do so, the longer your money has time to grow with compounding interest. Time in the market is more important than timing the market when planning for the future.

IRA growth: Partial vs Max Contributions (Starting at age 25, 6% return)

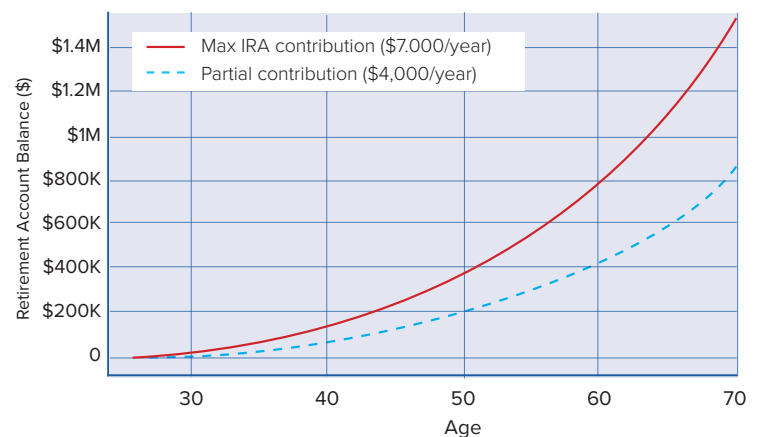


Chart provided for illustration purposes only. Individual results will vary.

Review Your 2025 Contributions and Prepare for 2026 (continued)

Take advantage of tax benefits

Traditional IRAs – Contributions may be tax-deductible in the year you make them. You can roll over 401(k) money from previous employers to a traditional IRA.

Roth IRAs - Contributions are made with after-tax dollars, so qualified withdrawals are tax-free. This can be a good option for younger earners who can project a higher earnings bracket 20 or 30 years down the road. There are also no required minimum distributions for Roth IRAs.

The contribution deadline is the date you file your taxes. Please note that filing extensions do not extend this deadline—the final cutoff is April 15, 2026. This means you can contribute to the 2025 tax year up to three and a half months into 2026.

Required Minimum Distributions (RMDs)

At age 73, you are generally required to begin taking RMDs from Traditional IRAs and SEP IRAs by December 31 annually and the withdrawals are taxed. There are penalties if these minimum distributions are not taken.

Roth IRA Conversions

A Roth IRA conversion is when you transfer money from a pre-tax retirement account (such as a traditional IRA or 401(k)) to a Roth IRA. This conversion is seen as a taxable event in the year it occurs.

Why convert to a Roth IRA?

- Future growth and qualified withdrawals are tax-free. This could be beneficial if you think you may be in higher tax bracket in retirement.
- Heirs can inherit Roth IRAs tax-free if the account has been open for at least five years.
- You will pay taxes on today's rates instead of potentially higher future rates.

What to keep in mind

- How you will pay the taxes on the amount converted
- Converted funds become taxable income in the year they are converted
- Consider converting during low-income years (e.g., early retirement, sabbatical) or do partial conversions over several years to avoid big spikes in income tax
- Each conversion has a 5-year holding period. If you withdraw the converted amount before age 59½ and before the end of that holding period, you'll be subject to an early withdrawal penalty.
- A conversion can affect Medicare premiums, Social Security taxes, and Affordable Care Act (ACA) health care insurance subsidies if you are not yet on Medicare.

Deadline for a conversion this year is December 31.

Tips for Year-End Capital Gain or Loss Planning

Consider selling struggling investments to generate capital losses, as these may be used to offset capital gains and reduce your tax bill.

Use your losses to first offset any capital gains. If you have extra losses, you can use up to \$3,000 to offset ordinary income, and carry the rest forward.

Mind the “Wash Sale” Rule: Avoid buying back the same or a substantially identical security you sold for a loss within 30 days. The IRS will disallow the loss, so be careful.

Remember that gains and losses are treated differently based on how long you've held the asset. Long-term gains (over one year) are generally taxed at lower rates.

Any moves you make should align with your overall investment strategy and not done solely for tax purposes. While there can be tax benefits to realizing a loss, consider the long-term potential of an investment.

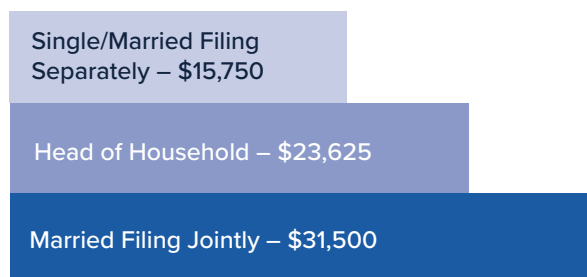
IMPORTANT TAX UPDATES

Social Security Number Requirement

New this year: Certain new tax provisions included in the “One Big Beautiful Bill Act” include a requirement for the taxpayer to include his or her Social Security Number (SSN) on the tax return. If the taxpayer is married, the SSN for the taxpayer’s spouse must also be included. Certain provisions also require the SSN of the taxpayer’s dependents.

For the purposes of these new provisions, omitting a valid SSN will be treated as a mathematical or clerical error, meaning the IRS can automatically adjust the return and this change would not be grounds for filing an amendment for refund. Therefore, taxpayers need to be very careful when entering this information for the first time or if filing a paper return.

Standard Deduction for 2025



Temporary Senior Deduction aka the “Senior Bonus” deduction

For 2025 to 2028 tax years only, there is an extra, one-time standardized deduction of \$6,000 per individual 65 or older. For married couples where both spouses are 65+, it doubles to \$12,000. Married individuals must file jointly to claim the deduction.

There is an income phaseout of 6% of your Modified Adjusted Gross Income (MAGI) over \$75,000 for filing single or \$150,000 for married filing jointly.

Ex: Single filer with a MAGI of \$80,000. Income is \$5,000 over so phaseout is: $6\% \times \$5,000 = \300 and deduction would be $\$6,000 - \$300 = \$5,700$.

The deduction fully phases out for singles with a MAGI that is \$175,000+ and for married filing jointly with a MAGI that is \$250,000+.

No Tax on Overtime

This provision is only valid for 2025 to 2028 tax years.

- You can deduct the “premium” portion of overtime pay from federal taxable income (i.e., the portion that is in excess of your regular pay rate.) If you earn time-and-a-half, only the extra half is eligible for the deduction—not the full overtime amount.
- The deduction is capped at \$12,500 for filing single or \$25,000 for married filing jointly per year.
- It begins to phase out by \$100 for each \$1,000 by which a taxpayer’s MAGI exceeds \$150,000 (\$300,000 for married filing jointly).
- It fully phases out for singles with a MAGI that is \$275,000+ and married filing jointly with a MAGI that is \$550,000+.

This deduction only applies to qualified overtime compensation paid to an individual required under Section 7 of the Fair Labor Standards Act. Married taxpayers must file jointly to claim the deduction.

OVERALL ANNUAL PLANNING

Review Your Goals and Meet with an Investment Representative

Meet with an Investment Representative annually to discuss any life changes that could impact your financial goals. They can review your investment strategy to ensure it still matches your long-term goals and get a personalized review of your plan to help you make informed decisions on next steps.

Update Beneficiaries

Take time to review the beneficiaries on your accounts and make sure they are up to date. Whoever is designated as the beneficiary will usually inherit the account even if your Will says something else.

Don't forget to review your beneficiaries after major life events (marriage, divorce, birth, death).

To update the beneficiaries for your CUIS accounts, contact your Investment Representative or call (800) 451-5467.

CUIS Client Portal

The [CUIS Client Portal](#) allows you to see a comprehensive picture of your finances. Here, you can link your SECU and other financial institution accounts. You can also view your asset allocation, account performance, and tax-related documents online.

Not registered yet? Call (800) 451-5467 to ask for a secure registration link.

CUIS believes in long-lasting relationships built on trust and transparency. Our Investment Representatives are members of your local community who take the time to understand your unique situation, goals, and challenges.

It is important to annually review your financial plan with a CUIS Investment Representative – it is also a good practice to review your insurance coverage, estate documents, and more, especially if you've had a life change.

Financial and retirement planning is currently available at no additional cost. Contact CUIS at (800) 451-5467 or visit your local branch to schedule an appointment.

As an SECU member, there may be other products and services you may want to consider as you look ahead to the future.

- For life insurance through SECU Life, contact an SECU Insurance Specialist at (855) 732-8467
- For home and auto insurance, contact an SECU Insurance Specialist at (833) 599-7328
- For estate planning and Trust Services, contact an SECU Trust Representative at (833) 599-7328

Be sure to review your spending plan to assess spending habits, adjust where necessary, and prepare for the new year.

Year-end is also open enrollment for many companies and through the federal Health Insurance Marketplace. Review and update your current benefit elections where necessary.

For questions about this guide, contact your Investment Representative or call (800) 451-5467.

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Neither CUIS nor CUIS investment representatives provide legal or tax advice. This information is provided for educational purposes only and should not be considered financial, tax, or investment advice. Please consult your attorney, tax advisor, or investment advisor if you have any questions.

The Client Portal is provided by Envestnet and does not offer trading or self-servicing capabilities. CUIS encourages you to reach out to your dedicated Investment Representative for assistance with any servicing needs.

Life insurance is offered through SECU Life Insurance Company. SECU Life Insurance Company is a wholly-owned subsidiary of State Employees' Credit Union. Life insurance is not guaranteed by, a deposit of, or an obligation of any credit union and is not insured by NCUA or any other federal government agency. Insurance Representatives are licensed to sell in North Carolina only.

Auto, home, and other personal lines of insurance are subject to underwriting. Insurance products are not guaranteed by, a deposit of, or an obligation of, any credit union and are not insured by NCUA or any other federal government agency. Insurance specialists are licensed to sell in North Carolina only.

Trust Services offered through Members Trust Company, a federal thrift regulated by the Office of the Comptroller of the Currency. Trust products are not Credit Union deposits, are not insured by the NCUA or any other federal government agency, are not obligations of or guaranteed by the Credit Union, Members Trust Company or any affiliated entity, and involve investment risks, including the possible loss of principal. The material in this presentation is for educational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or tax professional. State Employees' Credit Union ("SECU" or the "Credit Union"), through Members Trust Company ("MTC"), offers estate planning resources and education to members. The Estate Planning Essentials Program ("the Program") is an optional service available to Credit Union members. Attorneys participating ("participating attorneys") in the Program are not employees or agents of the Credit Union, MTC, or any affiliated entity. SECU trust representatives are not employees or agents of the participating attorneys. The Credit Union and MTC do not provide legal advice or services and are not responsible for the services provided by the participating attorneys or other independent professionals. Credit Union members generally may use a participating attorney through the Program, or select their own independent attorney outside of the Program.

When requested, and as a convenience to our members, the Credit Union may provide members with names of independent local attorneys and / or other professionals to assist with members' more complex estate planning needs. Such action does not constitute an endorsement of these professionals or guarantee of their competency by the Credit Union or Members Trust Company ("MTC"). Neither the Credit Union nor MTC receives any compensation in connection with providing the names of these professionals and is not responsible or liable for the services they render.