MEMBER INSIGHT

Winter 2025

The Fifth Season

By Brad Herzet, President/CEO

January marks the start of a special annual season: tax season.

The IRS generally starts accepting tax returns in late January, and it's best to try to file early. Besides being able to get your tax refund — if you're owed one — sooner, filing early can help protect you from identity theft scammers. Scammers have figured out that if they file fraudulent returns early, they are beating the actual taxpayer to the punch and can pocket the refund before the actual taxpayer files their return.

Over the past few years, millions of taxpayers have had their tax returns flagged for suspected identity theft, and it's led to a backlog of nearly two years for those victims to get their refunds, according to the IRS' Taxpayer Advocate Service. In a June 2024 news article, the head of the service said many of those affected are lower-income filers.

Here are some tips to help you prepare for filing your 2024 taxes.

Gather all your documentation, including W-2 forms from employers; 1099 forms if you're self-employed or received income from other sources where taxes weren't withheld; contributions to retirement plans and health savings accounts; and receipts and statements for deductions such as mortgage interest, property taxes, charitable donations, medical expenses and education expenses.

Understand deductions and tax credits. Deductions help reduce the amount of income you're taxed on, while tax credits are applied to reduce what you owe in taxes.

You need to choose whether you will use the standard deduction set by the IRS according to tax filing status, or itemized deductions for allowed expenses. Choose whichever deduction is highest to lower your tax responsibility.

For more information or help with your taxes, visit irs.gov or make an appointment with the nearest IRS taxpayer assistance center.

There are several tax credits, ranging from credits for qualifying children; expenses paid for others to care for a child, spouse or other dependent while you work, go to school full time or look for work; expenses for qualifying higher education costs and more. Millions of workers qualify for but don't claim the Earned Income Tax Credit, the IRS says, so be sure to to claim it if you qualify.

Account for life events. Major life changes like getting married, welcoming a new baby, retiring or buying a home will affect your taxes.

Be aware of other tax-related scams. The IRS doesn't make calls with demands for personal financial information or threats you'll go to jail if you don't comply. Be suspicious of emails or texts that want you to click on links to provide financial information. For more information on common tax schemes, visit irs.gov/help/tax-scams/recognize-tax-scams-and-fraud.

New year, new financial goals

A new year is a great starting point for setting some financial goals. Common goals include budgeting better, saving more, paying down debt and improving a credit score. Here are steps you can take to be successful in sticking to those goals.

First, know where your money goes. Use a budgeting app or go old-school with paper and pen to track your spending.

A budget will help you develop strategies for your goals. For example, you might realize you're paying for memberships or subscriptions you don't use, and you can put that money toward savings or extra credit card payments.

Second, set a system. A popular budgeting system is the 50/30/20 budget: 50% of your income goes to necessities, 30% to wants and the remaining 20% to savings and debt repayment.

If you need something more rigid, use the envelope system. That's where you set a spending limit for categories, like groceries or eating out, and put the allotted cash in the envelope. When the envelope is empty, you can't spend any more on that category for the month. If you don't want to deal with paper envelopes, look for a budgeting app that applies the same concept.

Third, be SMART. Keep in mind what this acronym stands for to ensure you're setting goals that you can reach: Specific, Measurable, Achievable, Relevant and Time-Bound.

For example, a general goal is to pay down debt; a specific goal would be to get rid of a specific amount, like half your credit card debt. Budgeting will help you measure your success in paying down the debt.

Make your goal achievable by being realistic; a common reason people abandon goals is because they get frustrated if they've set out an unrealistic goal.

Keep in mind why you're setting that goal; that's what makes it relevant to you.

Setting a deadline can also help keep you on track. If you run into challenges, don't give up — revisit your SMART goals and revise, if you need to.

Health Savings Account Offers Tax Advantages

If you're enrolled in a high-deductible health insurance plan (HDHP), consider taking advantage of a Health Savings Account through Mid American.

With an HDHP, the monthly premium is usually lower but you'll pay more of your health care expenses before insurance starts its coverage. With an HSA, you won't pay federal income taxes on the money you set aside to cover qualified expenses, on the interest your money earns, or the withdrawals you make to pay for qualified medical expenses, like deductible, co-pays and more.

Besides tax advantages, other benefits of an HSA are:

- Your money can stay in your account until you need to use it.
- You can pay for qualified health expenses for your spouse and dependents even if they're not covered by your HDHP. Check qualifications with your tax advisor.
- Contributions can come from you, your employer or family members.
- An HSA is a personal savings account, so it won't go away if you switch jobs or retire.

Find out more about HSAs by visiting healthcare.gov/glossary/health-savings-account-hsa/.

Holiday Closings & Upcoming Events

Holiday Closings

- Martin Luther King Jr. holiday | Monday, Jan. 20
- Presidents Day | Monday, Feb. 17

Tech Time

Free walk-in tech support on using MACU digital banking tools will be available from 9 a.m. to 5 p.m. on the following Wednesdays:

- Jan. 22 | Main west Wichita
- April 23 | East Wichita
- July 23 | South Wichita

Annual Membership Meeting

- 5:15 p.m. Tuesday, March 18 | Main west Wichita lobby

Making the Transition from Renter to Homeowner

By Debbie Stang, Home Loan Officer

Owning a home has long been considered part of "the American dream." But if you're not prepared to make the transition from renter to homeowner, it can turn into a nightmare.

Here are some things to consider if you're planning to buy your first home.

It can take time. Buying a home is not a quick process. Maybe you need to work on bringing your credit score up so you can get better loan rates. Maybe you need to save more for your downpayment (which also needs to cover additional upfront fees like closing costs) so you can reduce your monthly mortgage payment. Maybe you live in a tight housing market where there are more buyers than homes for sale; buyer competition usually means higher home prices.

More than the mortgage. Your monthly mortgage payment covers more than the principal and interest of your loan. It also includes paying for homeowner's insurance and property taxes, which can increase based on insurance policy terms and your property's appraisal value. Your mortgage lender collects and makes the insurance and tax payments.

Other expenses you'll need to factor into your budget are home maintenance costs, all utility costs and housing association fees, if applicable.

Housing and budgeting experts tend to recommend setting aside at least 1% of your home's value to cover the annual costs of upkeeping, fixing or repairing your home.

Work with experts. Take advantage of resources that can help you with the homebuying process. If you need help improving your credit score or getting into better shape financially, check out the services of your local Consumer Credit Counseling office, which offers free budgeting consultations and low-cost programming to help with debt management. They also often provide first-time home buyer education.

Ask family and friends if they have recommendations for real estate agents who can help you navigate the homebuying landscape. Be sure to ask your agent about their commission fees. In the past, sellers usually paid the buyer's agent fees but a judicial ruling in August 2024 changed how commissions are paid.

Once you're ready to move into homeownership, get preapproved with a lender.

For your home mortgage needs, please call (316) 722-3921 and ask for either me or LeeAnn Marker in mortgages, or email debbies@midamerican.coop or leeannm@midamerican.coop. To view loan rates or start your mortgage loan application process, visit midamerican.coop/loans/home-loans.

Give Your Credit Score a Boost

Making on-time loan payments can help raise your credit score but if you don't have a good enough credit history to get a loan, how can you establish a pattern of making on-time payments?

Mid American's Score Booster Loan can help.

Here's how it works:
You apply for a loan and start making monthly payments for the next 24 months and once you've completed the payments, the borrowed amount is yours to spend. Your payments will be reported each month to all three major credit bureaus: TransUnion, Equifax and Experian.

Here are other details about this loan:

- **You need to have a Mid American direct deposit checking or savings account.**
- **The loan amount and monthly payment amount for 24 months are: $500 with $24 monthly payments. $750 with $36 monthly payments, and $1,000 with $47 monthly payments.**
- **The interest rate is 11% APR*.**

To apply, go online to midamerican.coop/scorebooster or visit in-person with a loan officer at one of our branches.

* APR = Annual Percentage Rate. Rates subject to change without notice. Ask us for further information about the fees, conditions and terms that apply to this loan and rate.

Watch for These Hazards on the Road to Retirement

By Jessica Brokaw

On the road to retirement, be on the lookout for hazards that can hamper your progress.

Traveling Aimlessly

Start your investing journey by setting a realistic destination that takes into account such factors as your desired lifestyle, salary/income, health, future Social Security benefits, any traditional pension benefits you or your spouse may be entitled to, and others. Some people prefer to establish a lump-sum goal amount — for example, $1 million or more, while others focus on determining how much they'll need monthly during retirement. Regardless of your approach, factor in inflation.

Taking Risks

You may encounter potholes when trying to target a rate of return. While it's generally wise for a retirement portfolio to have some higher-risk investments to help outpace inflation, the selections should be determined strategically. Appropriate decisions will reflect your destination goal, your investment time horizon, and your ability to withstand volatility.

Proceeding With Caution

If you're afraid of losing any money at all, you might favor conservative investments, but that can also be risky. If your portfolio doesn't earn enough, you may fall short and end up with a far different retirement lifestyle than you imagined. All investing involves risk, including the possible loss of principal, and no guarantees.

Encountering Detours

Most people experience an unplanned detour on the road to retirement — the need for a new car, an unexpected home repair, an unforeseen medical expense, or an unexpected travel opportunity. But think twice before tapping your retirement assets as potential funding, particularly if the money is in a tax-deferred account such as an employer-sponsored plan or IRA. Any money you remove will no longer be working for your future and you will generally have to pay regular income taxes on amounts that represent tax-deferred investment dollars and earnings. Also, if you're younger than 59½, you may have to pay additional penalties of up to 24%, depending on the type of retirement plan and other factors.

Having a Second Destination

Many well-meaning parents may feel that saving for their children's college education should be a higher priority than saving for their own retirement. While no parent wants their children taking on debts, loans are a common and realistic option for funding college. If you want to pursue both destinations, a financial professional can help you explore a variety of tools and options that can be considered; there is no assurance that working with a financial professional will improve investment results.

At Mid American, Jessica Brokaw, CFS Financial Advisor, is available to assist you with investment, retirement and legacy planning. She can be reached at Jessica.Brokaw@cusonet.com or (316) 722-3921, ext. 182.

MIDAMERICAN
RETIREMENT & INVESTMENT SERVICES℠
Investment Services offered through CFS*

*Non-deposit investment products and services are offered through CUSO Financial Services, LP ("CFS") a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment representatives are registered through CFS. The Credit Union has contracted with CFS for investment services. Atria Wealth Solutions, Inc. ("Atria") is a modern wealth management solutions holding company. Atria is not a registered broker-dealer and/or Registered Investment Advisor and does not provide investment advice. Investment advice is only provided through Atria's subsidiaries. CUSO Financial Services, LP is a subsidiary of Atria. Prepared by Broadridge Investor Communications Solutions, Inc. Copyright 2025.

Loan Rates As Low As ...

5.74% APR	New & Used Cars
6.74% APR	New Motorcycles
9.00% APR	New Boats/RVs
6.74% APR	Home Equity
9.90% APR	Select Visa
14.90% APR	Everyday Visa
10.90% APR	Signature Loan

APR = Annual Percentage Rate. Rates subject to change without notice. Ask us for further information about the fees, conditions and terms that apply to these loans and rates.

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