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1980 - 2020



the CHRONICLE

Welcome to **The Chronicle**. Charter Bank's Newsletter.

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- Traditional vs. Roth
- New Year - New Premium Checking
- The right time to refinance your mortgage?
- Invested in Business
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40 Years of Charter Bank

PacMan was released. The movie Caddyshack debuted. Ronald Reagan was elected. Charter Bank was established. What do these all have in common? All these took place in 1980...And that means that **Charter Bank is celebrating 40 years of being your community bank**, and we're ready to shout it from the rafters!

We are excited to explore everything that has happened over the last 40 years. How we got started and how we've expanded over the years. Lots has changed over the years, and some things have stayed the same – like Paul's hairline!

Watch on Facebook, Instagram and LinkedIn for your chance to share your memories about Charter Bank and we'll be sharing many of ours. 2020 is going to be a great year as we look back on our history and look forward to the future.



Traditional vs. Roth IRAs

Perhaps both traditional and Roth IRAs can play a part in your retirement plans.



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IRAs can be an important tool in your retirement savings belt, and whichever you choose to open could have a significant impact on how those accounts might grow.

IRAs, or Individual Retirement Accounts, are investment vehicles used to help save money for retirement. There are two different types of IRAs: traditional and Roth. Traditional IRAs, created in 1974, are owned by roughly 35.1 million U.S. households. And Roth IRAs, created as part of the Taxpayer Relief Act in 1997, are owned by nearly 24.9 million households.¹

Both kinds of IRAs share many similarities, and yet, each is quite different. Let's take a closer look.

Up to certain limits, traditional IRAs allow individuals to make tax-deductible contributions into the retirement account. Distributions from traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. For individuals covered by a retirement plan at work, the deduction for a traditional IRA in 2019 has been phased out for incomes between \$103,000 and \$123,000 for married couples filing jointly and between \$64,000 and \$74,000 for single filers.^{2,3}

Also, within certain limits, individuals can make contributions to a Roth IRA with after-tax dollars. To qualify for a tax-free and penalty-free withdrawal of earnings,

1 - <https://www.ici.org/pdf/per23-10.pdf> [12/17]

2 - <https://www.marketwatch.com/story/gearing-up-for-retirement-make-sure-you-understand-your-tax-obligations-2018-06-14> [6/14/18]

3 - <https://money.usnews.com/money/retirement/articles/new-401-k-and-ira-limits> [11/12/18]

4 - <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits> [11/2/18]

Roth IRA distributions must meet a five-year holding requirement and occur after age 59½. Like a traditional IRA, contributions to a Roth IRA are limited based on income. For 2019, contributions to a Roth IRA are phased out between \$193,000 and \$203,000 for married couples filing jointly and between \$122,000 and \$137,000 for single filers.^{2,3}

In addition to contribution and distribution rules, there are limits on how much can be contributed to either IRA. In fact, these limits apply to any combination of IRAs; that is, workers cannot put more than \$6,000 per year into their Roth and traditional IRAs combined. So, if a worker contributed \$3,500 in a given year into a traditional IRA, contributions to a Roth IRA would be limited to \$2,500 in that same year.⁴

Individuals who reach age 50 or older by the end of the tax year can qualify for annual "catch-up" contributions of up to \$1,000. So, for these IRA owners, the 2019 IRA contribution limit is \$7,000.⁴

If you meet the income requirements, both traditional and Roth IRAs can play a part in your retirement plans. And once you've figured out which will work better for you, only one task remains: opening an account.

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New Year – New Checking Account!

takeinterest
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(On first \$14,999.99)
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(Balance over \$15,000)

Is there anything better than a **GREAT** checking account? **Well...Yeah!**
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*Annual Percentage Yield accurate as of 1/1/20. Interest rates of 2.00% on daily balances up to \$14999.99 and .20% on balances of \$15,000.00 and above, which results in an APY between 2.02% and 1.11% depending on the daily balance in the account. \$50 to open account. A \$6 charge will be assessed each month that the account balance falls below \$1500. Direct Deposit must be established within 60 days of opening account or the account will be converted to the Totally Free Checking Account. Rate may change after account is opened.



Our Mortgage experts are often asked an important question: When is it the right time to refinance?

There are a lot of variables that come into play when answering that question...Has your credit score improved enough so that you qualify for a lower-rate mortgage? Would you like to switch into a different type of mortgage? And of course, the common variable that gets the conversation started is rate. When you are looking at a 30-year mortgage, a 1% difference can make a big difference indeed. But is it big enough to justify the refinancing fees...

Speaking of fees. What costs does refinancing carry? Some common refinance-related fees, that make up your closing costs, include appraisal, title, origination, flood certification, and recording fees. When thinking of refinancing, be sure you speak with your mortgage loan officer to determine your closing cost.

Here are important items to consider before refinancing:

Lower Rate

You may qualify for a lower interest rate if your credit score has improved, or simply because market conditions have changed. Recently, interest rates have been low, indicating a great time to review your mortgage.

Different Loan Term

Review your current financial situation to determine if you want a different loan term.

Do you want to reduce your monthly payment? You may want to increase the term of your mortgage. However, this will also increase the length of time you will make mortgage payments and ultimately cost you more in interest.

Or do you want to pay your mortgage off faster? You may want to decrease the term of your mortgage. A shorter term generally means a lower interest rate, but your monthly payment will also be larger as you are paying more toward principal each month.

Changing Loan Programs

When you took out your loan, you may have used a loan program such as an adjustable rate mortgage. Perhaps your loan program no longer fits with your long-term home ownership goals. Now is the time to review this to make sure your loan program fits your financial goals.

Using Home Equity

Home equity is the monetary difference between the balance you owe on your mortgage and the value of your property. If you are considering a home improvement project, you may choose to use the equity in your home for the project.

As you can see, many factors contribute to a decision to refinance. The best place to start is by talking with your trusted mortgage loan expert. They can help you decide if refinancing is a good option for you and lay out a plan for the future.

Have a Question? Reach out to the Mortgage Dream Team: 800-471-4510

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WINTER 2019

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Stop by and talk to your local banker about all the great offerings from Charter Bank.

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Monday – Friday 9 am to 5 pm
Saturday 9 am to Noon

EC Drive-up Hours:

Monday – Friday 7:30 am to 6 pm
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MN Lobby Hours:

Monday – Friday 9 am to 5 pm
Saturday - By Appointment

MN Drive-up Hours:

Monday – Friday 7:30 am to 6 pm
Saturday 8:30 am to Noon

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get your debit card in minutes.

NEW



Receive or replace your Debit Card in an instant with Instant Issue!

Now when you open your checking account with Charter Bank, you'll go home with a debit card to access it. With Instant Issue, we can print your debit card right in the office in minutes. No more waiting for the card to come in the mail. You'll leave the office ready to go! We also know that sometimes things get misplaced or lost. If that happens with your debit card, stop by any Charter Bank office and we'll have you ready to go with a new card in hand, in just a few minutes.

We're always looking for ways to better serve our customers. With Instant Issue, we're eliminating wait time, and making things easier for you!