

Member Insights



**MERCK EMPLOYEES
FEDERAL CREDIT UNION**

From the desk of the President/CEO: **Scholarship Program Launch a Reminder of Financial Education Gap**



Happy New Year!
Among the many exciting things happening at your credit union is the launch of our annual scholarship program where we award five \$5,000 scholarships

to high school seniors entering their next phase of education.

The program is designed to help these seniors no matter what field they are pursuing. We always see a strong crop of candidates and wish all of those who are applying the best of luck!

But the scholarship is a reminder of one of our country's greatest educational gaps – financial literacy! There is still no core financial literacy curriculum in most states and financial education is not seen as important as reading, writing and arithmetic, but in some ways it's just as important if not more.

A basic knowledge of finance ensures when those young people enter the work-world and have to make difficult financial decisions such as financing their first home, saving for retirement and paying for higher education, they make wise choices.

As Einstein said the 8th wonder of the world is compound interest. Imagine how different the retirement balances would be of most Americans if all were taught at a young age that it's the amount of time, not amount of money, that is most important to fueling your retirement savings. Imagine if each person who is new to the workforce and say at the age of 25 was able to put \$5,000 aside in a retirement savings account for their first five years of work. Growing at say 7% a year for 25 years, that would be more valuable for

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Kenilworth Branch Manager Willow Celebrates 40 Years with MEFCU



The year was 1981 and it was a much different time. MTV had just been launched. The Dukes of Hazard and Magnum P.I. were the top television shows and Kim Carne's Betty Davis Eyes topped the charts. Ronald Reagan made history as an actor being voted into the White House by a landslide margin over Jimmy Carter. 1981 to 1982 was also one of the worst economic times in our country's history with unemployment hitting 11% and inflation sky high, not unlike today's inflationary environment.

It was also a much different time at Merck Employees FCU. Credit cards had not been launched. There were no checking accounts. There were no online services and most business was done in-person at the credit union. To put it in perspective, today the credit union sees \$7 to \$9 million a month in deposits through mobile deposit alone! Not in those days.

Kenilworth Branch Manager Karen Willow started with MEFCU on Dec. 7., 1981, Pearl Harbor Day, and it turned out to be a very eventful first day of work. "I had to report to the basement of Building 60. It was a rainy day and the credit union always flooded when Rahway had a storm. I was afraid to use a computer standing in three inches of water," said Willow.

Other than the basement adventures when the rains came, Willow recalls the craziness around paydays. "In those days there were triple paydays, when all three pay groups got paid on the same day. The line would go around the rope system in the lobby, out the door and down the hallway all day long. If you left your window people would start yelling 'Where are you going?'"

Because the credit union had yet to launch checking accounts, employees would cash their checks on paydays, so the lines had to get served. "I remember playing UNO on my lunch with my co-workers to forget about the lines. That was a good time," she said. Eventually with direct deposit, ATMs, checks and other services the lines shortened but the credit union started to grow very fast. Today the credit union stands at nearly \$2.4 billion in assets and offers a suite of online services and pays one of the highest dividend rates of any financial institution.

"Our rates were always great, member service was great and we worked for a great company. Forty years seems like a lot, but it went really fast for me. I enjoy what I'm doing. I enjoy the membership and most importantly the staff," she said.

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Featured Loan & Deposit Rates

Auto Loans
as low as
3.00% APR*

E-Checking
as high as
0.25% APR*

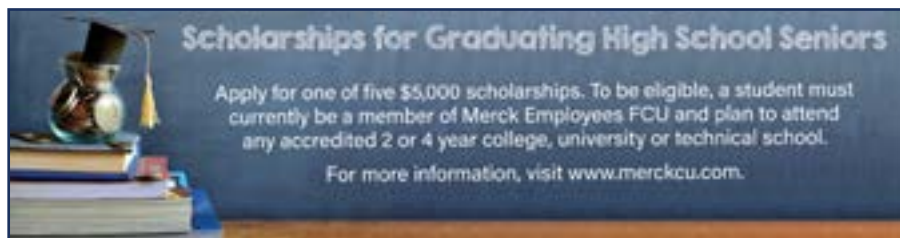
Credit Cards
as low as
8.25% APR*

Savings
as high as
1.00% APR*

IRAs
as high as
1.50% APR*

Home Equity
as low as
3.25% APR*

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



(Continued from Scholarship Program...)

your retirement savings at retirement age than putting \$10,000 away for five years if you started at age 40. Time is the most valuable component of savings, especially when considering dividends compounding.

We see too many members still struggling to understand their credit score and how it impacts their borrowing ability. Young people certainly know the importance of their GPA while in school, but less is known about credit score, which stick with you throughout your life and can cost or save you a lot of money when it's time to borrow.

As we head into 2022, your MEFCU is doubling down on its financial literacy efforts. We recently completed a new Webinar with the Consumer Federation of America on key financial topics and are adding new components to our online Financial Wellness Center. Please keep with us as we continue our journey of improving the financial literacy of our membership.

Paul Gentile
President

2022 Brings Higher Retirement Account Contribution Limits

The Treasury Department has announced inflation-adjusted amounts for retirement account savings for 2022. Contribution limits have increased for workplace plans while, contribution limits for Individual Retirement Accounts remain unchanged at 2019 amounts.

401(k)s. The annual contribution limit for employees who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan has increased to \$20,500 for 2022 — a \$1,000 increase after two years at \$19,500. As a reminder, you can make changes to your 401(k) election at any time during the year, not just during open enrollment season.

The 401(k) Catchup. The catch-up contribution limit for employees age 50 or older in these plans remains unchanged at \$6,500 for 2022. You can make the additional \$6,500 catch-up contribution for the year, even if you don't turn 50 until December

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(Continued from Kenilworth Branch Manager)

Willow's career has seen her span the Merck campuses, working 18 years in Rahway, 14 in Whitehouse and 8 in Kenilworth, where she currently serves members. As retirement nears this coming August, what does she hope to do in the next phase of her life? "I would like to jump in my car and visit family and friends that live far away. I, like many people, can't afford to stay in New Jersey. The taxes are way too high for a single person. Moving south sounds great to me!" she said. Willow has a daughter and family in North Carolina and would like to visit them more often or move there. "The future is wide open for me and I would like to enjoy it every day."

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31, 2022.

SEP IRAs and Solo 401(k)s. For those who are self-employed or small business owners, the amount for SEP IRAs or solo 401(k)s increases from \$58,000 in 2021 to \$61,000 in 2022.

Aftertax 401(k) contributions. If your employer allows after-tax contributions to your 401(k), you can also take advantage of the new \$61,000 limit for 2022. This is a cumulative cap that includes the \$20,500 salary deferrals and any employer contributions. Catch-up contributions are not included in the cap.

The Simple. The contribution limit for Simple retirement accounts increases from \$13,500 in 2021 to \$14,000 in 2022. The Simple catch-up limit remains at \$3,000.

Individual Retirement Accounts. The limit on annual contributions to an Individual Retirement Account (pretax or Roth or a combination) remains unchanged at \$6,000 for 2022. The catch-up contribution limit, which is not subject to inflation adjustments, remains at \$1,000. Remember that 2021 IRA contributions can be made until April 15, 2022, and 2022 IRA contributions can be made until April 15, 2023.

Saver's Credit. The income limit for the saver's credit for low- and moderate-income workers is \$68,000 for married couples filing jointly for 2022, up from \$66,000; \$51,000 for heads of household, up from \$49,500; and \$34,000 for singles and married filing separately, up from \$33,000.

For more information on cost-of-living adjustments to retirement accounts, see the IRS's release (<https://www.irs.gov/pub/irs-drop/n-21-61.pdf>).



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.

